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NEWS SUMMARY

GENERAL

Fears of links in child murders

Police hunting the killer of a nine-year-old Yorkshire boy said there could be a link with the murder of schoolgirl Susan Maxwell.

David Milner's body was found yesterday near his home in Ripon. He had been sexually assaulted. Susan, whose body was found last week in Staffordshire, had also been sexually assaulted.

North Yorks police said they would confer with the Staffordshire murder squad, as there were similarities in the two cases.

Terrorist move

President Mitterrand is expected to announce the launching of a computer data bank on international guerrilla groups operating in France, after recent terrorist attacks.

Holidays saved

Customers of Riviera Camping Holidays of Leeds began holidays in Spain and Italy after a deal with NAT Holidays saved Riviera from a cash crisis. However, French holidays were cancelled.

Zapu wants talks

Joshua Nkomo's opposition Zapu Party called for a meeting with the ruling Zanu-PF Party to defuse tension in Zimbabwe, after recent fierce government criticism.

Iran attack

Iranian forces killed or wounded over 50 Iraqi soldiers and damaged an Iraqi oil terminal near the head of the Gulf, Tehran radio said. Iran seems poised, Page 2

Energy 'failure'

The Government has failed to convince industry that high energy prices are a key element in energy conservation policies, a secret report says. Page 5

Somali emergency

Somali President Siad Barre declared an emergency in the regions on the Ethiopian border where fighting has been taking place for six weeks. Page 2

Village cut off

The 70 inhabitants of Vellerat, a Swiss village, set up a border post, issued passports and declared independence. They want the village to join a different canton.

No rain in Spain

Spain is suffering its worst drought in five years, with reservoirs down to 41 per cent of capacity and over 100 towns and villages having water brought in daily by tank trucks.

Fourth Dan

Dan Archer is to live on, despite the death of Edgar Harrison, who played him in The Archers radio serial. The BBC will name his replacement, the fourth in the role, today.

Following on

England were 95 for 3, following on after being out for 227 in reply to Pakistan's 428 in the Lord's Test.

Cyclist killed

British motorcyclist Jock Taylor died after a double crash in the sidecar event in the Finnish Grand Prix.

Briefly . . .

Actor Patrick Magee, 58, died in London.

Elio de Angelis of Italy (Lotus) won the Austrian Grand Prix.

Angolan Foreign Trade and Planning Minister Lopo do Nascimento was sacked. Page 2

BUSINESS

Flexible pay plan for state boards

GOVERNMENT has decided to allow Whitehall departments to operate with a limited degree of flexibility when pay rises are fixed for chairmen and other board members of nationalised industries in the coming months. Back Page

WORLD could topple into a deep depression, Northern Ireland Secretary James Prior said while giving a strong indication of the likely pressures in the Cabinet this autumn for government action to help industry. Back Page; Prior opposes ending Irish vote, Page 4

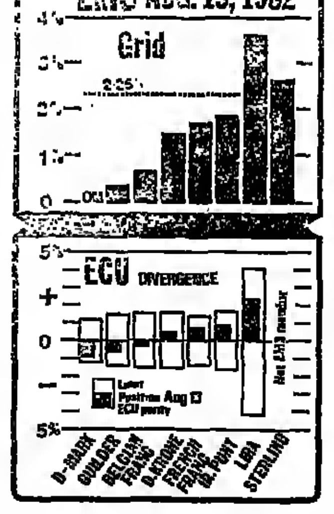
MIDLAND BANK called on the Government to consider measures to reflate the economy. Page 6

CBI moved to allay any fears that it is siding with the Labour Party over economic policy. Page 6

CHINA'S first-half trade surplus of $2.8bn (£1.64bn) has been achieved at the expense of such industrialised countries as Japan and West Germany. Page 3

MEXICAN BANKS began to buy dollars again at the weekend but there was still no indication of a return to normal foreign currency trading. Back Page: Crisis overshadows other problem borrowers, Page 19

TRADING was again quiet and featureless in the European Monetary System last week. Hopes of a cut in the West German Lombard rate on Thursday were dashed earlier in the week when U.S. interest rates started to rise. This and the strength of the dollar dissuaded most members from moving rates, although the Belgians made minor cuts in short-term Treasury bill rates. By Friday the dollar was showing signs of weakening. The Italian lira remained the strongest member followed by the Irish punt and French franc.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

WEST GERMAN banks must decide this week whether to pour DM 1.1bn (£257m) in new credits into AEG-Telefunken. Back Page: South African offshoot sees growth, Page 20

EIGHT U.S., European and Japanese banks have pulled out of Iran Overseas Investment Corporation, London consortium bank, and sold their shares to two Iranian banks. Page 20

ARBAT, London-based computer systems company, has sold four U.S.-built minicomputers worth more than $1m (£590,000) to China. Page 3

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Israelis confident of agreement this week for PLO evacuation

BY OUR FOREIGN STAFF

AGREEMENT ON the evacuation of Palestine Liberation Organisation forces from Beirut may be completed this week, the Israeli Government said in Jerusalem yesterday.

The statement followed a Cabinet meeting to discuss the latest proposals from Mr Philip Habib, U.S. special envoy.

No details were released and Mr Habib later flew back to the Lebanese capital to report to PLO negotiators. "I have pretty much done what I had to do," he said.

Washington also seemed confident a solution was close. The U.S. was "reasonably optimistic" and "hopes and believes" that the ceasefire in Beirut is holding, Mr James Baker, White House chief of staff, said on television.

In Jerusalem, government officials indicated that the Cabinet had offered Mr Habib some concessions. One official said Israel's earlier insistence on having a full list of PLO fighters quitting Beirut was "no longer a sticking point."

Israel radio reported later that the Government had agreed of a small United Nations observer force participating in the evacuation plan. They would be made up of UN forces in Lebanon.

Until now Israel has insisted that the UN should have no role in the removal of PLO forces from Beirut.

Israel was reported to have softened its demands on the role of the proposed multinational force expected to move into the Lebanese capital as the PLO pulled out. One official said this was no longer a major problem.

Israel state and army radio stations said the Government was insisting that the force be confined to the gathering points of the withdrawing PLO and Syrian forces, and that the participating governments pull out their forces and let the Israelis in if there was any sign that the guerrillas were trying to renege on the evacuation agreement.

The army station said that Mr Menahem Begin, the Prime Minister, had told the Cabinet he was convinced an agreement was attainable and Israel could show flexibility.

It was, however, adamant on one demand—the return of a Skyhawk pilot taken prisoner by the PLO and the bodies of nine missing Israeli soldiers. Four were lost in Lebanon in fighting in 1978.

There were reports from Beirut that the evacuation of the PLO could begin next weekend. The tentative deadline had been passed on to the U.S., France and Italy which have offered troops for a post-evacuation peacekeeping force.

In Italy a special battalion of infantry was preparing to leave. White-painted tanks, trucks and other vehicles left the north by train on Saturday for the southern port of Brindisi to await sailing orders for Lebanon.

The Israeli army reported yesterday that the war zone round Beirut was quiet. Two Israeli soldiers, injured by a car bomb on the road between Damascus and Beirut on Saturday, died later, bringing the official Israeli death toll to 324.

With the ceasefire holding, life in besieged West Beirut has improved a little. Some streets have been cleared of rubbish and some broken water mains repaired. Electricity supplies, however, cut by the Israelis three weeks ago, remained turned off.

Reagan's tax Bill clears hurdle

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan's controversial Bill to increase taxes was cleared by House and Senate negotiators early yesterday, after a marathon session lasting 10 days and nights. The Bill, intended to raise almost $100bn over the next three years, now faces an uphill battle to win approval on the floors of the two Houses.

Mr Reagan was continuing his massive lobbying campaign for the Bill over the weekend and is to address the nation on television tonight to try to win grass roots support. Voting is expected to take place later this week.

By investing so much of his credibility in his bid to crush the conservative Republican rebellion against the Bill, Mr Reagan is widely seen here as taking a major political risk. If the rebels succeed in defeating the Bill, the danger for the President is that he will be split from his traditional right-wing base in the party.

In the closing hours of the House-Senate Conference Committee's negotiations, agreement was reached on a doubling of the Federal cigarette tax to 16 cents a packet—a move that could make the Bill's adoption more difficult in the Senate, where powerful tobacco interests are represented.

By agreeing to extend unemployment benefits, however, the negotiators appeared to have improved the Bill's prospects in the Democratic-controlled House of Representatives.

Mr Dan Rostenkowski, the Democrat chairman of the House Ways and Means Committee, expressed optimism that the House would pass the Bill.

As a sop to the business community, which faces a host of tax increases on corporations and wealthy individuals, the committee abandoned a proposal to halve the allowable tax deductions for business entertainment—the so-called "three-Martini lunch." Instead it voted to tighten up on the tip income received by waiters.

Other decisions reached in the closing stages of the negotiations included a sharp reduction in special tax benefits for high-income individuals participating in corporate pension plans, and the elimination of breaks for insurance companies which use subsidiaries or other companies to shelter income from regular tax rates.

A provision allowing long-term contractors, particularly in the defence and aerospace industries, to defer liabilities to the Federal Government for 10 years or more, would be severely restricted.

Across-the-board cuts were voted in several other special business tax breaks, including those for exporting companies using domestic and international sales corporations (Disc).

A wide range of airport user fees and taxes would be raised, including ticket taxes and freight taxes and a new $3 levy on international tickets would be introduced. The telephone excise tax would be increased from 1 per cent to 3 per cent.

Much of the Bill, however, as Mr Reagan has constantly pointed out, provides for closing loopholes and tougher collection procedures. He maintains that the Bill will have little effect on the average American.

World economic prospects worse

By Reginald Dale, U.S. Editor, in Washington

THE PROSPECTS for world economic development have worsened in the past year, largely as a result of the recession in the industrial countries, the World Bank said yesterday.

In its Annual World Development Report, the bank said that "the list of reasons for pessimism is long."

Apart from recession, which also heightened the threat of protectionism, the list included the developing countries' adverse terms of trade and depressed export volumes, more volatile exchange rates, large debt repayment burdens and no growth in aid.

The bank's study called on industrial countries to resist protectionism, permit access to capital markets and increase concessional aid flows to low-income developing countries.

The economies of the middle-income countries should be able to continue to grow faster than those of the industrial countries, despite all the obstacles, it said.

Prospects for the poorest, particularly in Africa, remained "a matter of grave concern," the bank said. Even India and China, highlighted in the report as success stories, might not sustain progress made in the mid-1980s without continued external assistance.

It maintained its prediction of last year that annual economic growth rates for developing countries would average from 2.2 to 3.2 per cent, but said that the figure was likely to be near the lower end of the range because of the 1981-82 recession.

It repeated last year's equivalent figure of between 2.8 and 3.6 per cent average annual growth in industrial countries, but the "high case" could be achieved only with considerable difficulty. The bank said that with new "growth poles" emerging, developing countries were becoming less exclusively dependent on industrial countries as a single growth source.

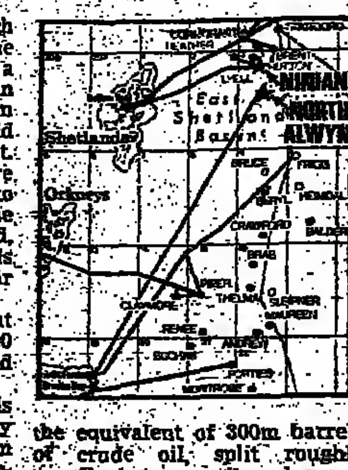
Heavy emphasis was put on agriculture as a key to development, though officials stressed that agricultural priorities varied from country to country. Agricultural protectionism in the industrial countries, especially the U.S., the European Community and Japan, remained a major problem for the developing countries.

Fewer restrictions on farm trade by industrial countries would lead to "very tangible benefits" for the developing world though the benefits would be unevenly distributed, the officials said.

Poorest nations in greater need of aid, Page 2

Elf and Total set for £1.7bn drilling project

BY RAY DAFTER, ENERGY EDITOR



ELF and Total, two French companies, likely to give the go-ahead next month for a £1.7bn oilfield development in the UK's North Sea sector, plan a drilling programme that could lead to a further major project.

The companies, which are putting the finishing touches to the development plan for the North Alwyn oil and gasfield, propose to drill appraisal wells on the South Alwyn reservoir discovered in 1978.

The two fields, in adjacent licence blocks, lie just over 100 miles east of the Shetland Islands.

If the appraisal drilling is successful, Elf and Total may install a production platform linked by pipeline to the proposed North Alwyn production and transport complex.

Total, operator of the licence blocks with a one-third interest, has approved the development of North Alwyn. "As far as we are concerned, we are ready to go," it said.

Formal application for government consent to the proposals is being delayed by Elf, which has a two-thirds stake. It is understood that M. Albin Chalandon, Elf's chairman, is reviewing the proposed investment in the light of the company's total capital programme in France and abroad.

The Energy Department, anxious to see development proposals, was hoping that Elf and Total would submit an application earlier this month. Officials were preparing to speed the vetting system so the two companies could place equipment orders with the work-hungry offshore supplies industry. An application is not now expected before next month.

In terms of recoverable oil and gas reserves, North Alwyn will be among the most expensive North Sea development projects. It is estimated that total recoverable reserves are the equivalent of 300m barrels of crude oil, split roughly equally between oil and gas.

The gas will be transported via the nearby Frigg pipeline system to St Fergus, near Peterhead, Scotland. It is understood that the British Gas Corporation has paid about 22p-23p a therm for the supplies beginning in 1985 or 1986.

Oil from North Alwyn is to be fed into a pipeline based on the neighbouring Ninian field. It is believed Elf and Total have agreed to take an equity stake in the Ninian pipeline and the oil reception terminal at Sullom Voe in the Shetland Islands.

The production complex in the field will be based on two steel platforms, one for drilling and production, the other for processing.

Elf and Total officials have emphasised in their preliminary discussions with Government that the development could be little better than economically marginal given present energy prices and offshore taxation. According to industry reports the development may have been insufficiently profitable but for the most recent changes in taxation, in particular the proposed abolition of Supplementary Petroleum Duty.

MARKETING POLICIES ATTACKED

A SECRET report, being considered in Whitehall attacks the fuel marketing policies of British Gas Corporation and the electricity supply industry because, it says, it works against the Government's energy conservation policy.

The report also says that Government has failed to convince much of British industry that high energy prices are a vital element in the country's conservation programme.

The conclusions are contained in a study into energy efficiency in industry prepared this spring by consultants Armitage Norton for the Energy Department. Full details of the report, said by the Department to be "still under consideration," have yet to be made public although the energy conservation industry was expecting publication last month.

According to the conservation industry the Government may be embarrassed by some of the findings. Page 5

DECLINE OF A REGION'S 'MILITANTS'

Power gap on shop floor

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

THE POWER of shop stewards, once the base of trade union strength in the West Midlands manufacturing industry, is crumbling.

Stewards in the region's engineering companies are on retreat in the face of authoritarian management.

The unprecedented pace and depth of recession has undermined shop-floor confidence and morale. And with full-time union officials unable to fill the gap, sweeping changes in productivity and working practices are being pushed through unhindered.

Sir David Perris, regional secretary of the TUC, traces the decline in the shop-floor strength to the sacking in November, 1979, of Mr Derek Robinson, convenor at BL's biggest factory at Longbridge, Birmingham.

"There is no doubt that dismissal marks a watershed in our generation in terms of shop-floor organisation," he argues. "When the lads at Longbridge went back to work and let Robbo go out through the gates it represented a shift in management - labour relations that has a significance out of all proportion to what happened that day."

The West Midlands, once regarded as the pace-setter for pay deals, can now be held up as the example for wage restraint. Many workers have forgone an increase while others, according to the regional office of the Confederation of British Industry, are settling around the 2.5-3 per cent mark.

Mr Chris Walliker, regional chairman of the CBI, says: "There is certainly more co-operation. The uncertainty of future employment has made people wake up to the need for change. At base, it is a fear of loss of jobs."

The constant stream of closures, rationalisation programmes and redundancies has taken its toll of union membership. Only the National and Local Government Officers Association and the National Union of Public Employees have bucked the trend as the fear of the loss of jobs has forced workers to seek the protection of unions.

Mr Brian Mathers, chairman of the West Midlands region of the TUC reports that membership has dropped across the manufacturing sector. His own union, the transport workers, has seen its regional membership fall by 105,000 to 282,000 since 1979.

With the basic contribution at 50p, the union must be losing at least £50,000 a week or more than £2.5m a year.

The very pressure on finance undermines militancy. One

West Midlands:
REGION IN RECESSION

major union is reported to be subsidising activities in the West Midlands with funds from another, less-affected region. A senior regional official of one big union complains: "The question of whether or not a dispute is given official support depends less upon the merits of the issue than the state of national funds. That is not only unfair but immoral."

The tough management line at BL has led to the 23,000 strong workforce at Longbridge being more than halved in recent years. Yet the plant is expected to turn out more cars this year.

Talbot, the Peugeot subsidiary, at its two Coventry factories, claims a 40 per cent increase in productivity in two years, with employees conceding radical changes in work practices.

This sharp shift can be traced back to the loss of shop stewards' status and confidence.

In the engineering industry, the base of negotiations is the piecework system, under which workers had direct control of the pace and the rate for the job. Such control meant pay and conditions were established at the point of production—power was entrenched on the shop floor.

Under that system, shop stewards bred in a post-war era when the world appeared to be crying out for British cars and engineering goods, gained a confidence that management would defer to their demands.

One experienced official recalls: "The trade unions, particularly in Coventry, gained a cockiness that they could always deliver the goods for the members. Caution went to the wind."

The jolt to that confidence in the past two years has led to shop stewards retreating in disarray, according to Prof William Brown, director of the industrial relations research unit at Warwick University.

And the very strength of shop stewards at plant level meant they kept full-time officials at arm's length. "When the shop stewards crumble the trade unions are left with no spine," he argues.

With the erosion of shop steward power, management tactics have changed.

A few years ago a management wanting to change working practices would have gone to the shop stewards and, after the ritual wrestling match, settled for half of what it really wanted.

Today, managements tend to go straight to the workforce, spell out the financial reasons why change must take place, set

Continued on Back Page

Emergency declared in Somalia

MOGADISHU — President Siad Barre of Somalia declared an emergency yesterday in the regions along the Somali-Ethiopia border where fighting has been taking place for the last six weeks.

An official announcement said the emergency was declared "as a result of the naked Ethiopian land and air attack against Somalia."

The decree followed two days of heavy fighting in and around the border towns of Galdugob and Balambale.

The Defence Ministry said Somali forces had made a surprise attack on the Ethiopian forces in these areas.

The Ministry said the Somali forces killed 580 Ethiopians and wounded many more, while 64 were killed and 157 wounded on the Somali side.

A local journalist in the war zone reported that Somali troops on Thursday and Friday overran a large Ethiopian military position.

Reuter.

Angolan Cabinet reshuffled

Three key economic portfolios have been affected in a cabinet reshuffle announced by Mr Jose dos Santos, the Angolan President, this weekend, Our Foreign Staff writes. Mr Lopo do Nascimento loses his post as Minister of Trade and Planning but apparently retains his place on the central committee of the ruling MPLA party. He is replaced by Mr Ismael Martins, the former Finance Minister, who in turn is succeeded by Mr Augusto do Matos, a former deputy minister. The deputy minister for Internal Trade, Mr Adriano dos Santos, becomes a full minister.

The changes follow a series of critical appraisals of Angola's depressed economy by the President.

Zambia to reopen talks with IMF

ZAMBIA plans to reopen negotiations next month with the International Monetary Fund (IMF) on further drawings of a $860m urgently-needed loan aimed at boosting its ailing economy, Mr Kebby Mosokotwane, the Finance Minister, was reported yesterday as saying, Reuter reports from Lusaka.

Paul Taylor reports on the Congressional hearing in Oklahoma City

Penn Square chiefs face the limelight today

THE KEY OFFICERS and directors of Oklahoma City's Penn Square Bank will for the first time face public examination today, six weeks after the bank collapsed sending shock waves through the U.S. banking system.

Among those due to give evidence to the members of the House banking committee which has set up office in Oklahoma City for the day, are Mr Bill Jennings, the bank's energetic chairman who steered it into the fast-growing energy lending business which was subsequently to prove its downfall when oil prices slumped, and Mr Bill Patterson, Penn Square's young energy lending officer who earned a reputation as a ready source of funds for the energy industry.

Both men have studiously avoided the limelight in the aftermath of the bank's collapse on July 5 when worried Federal officials closed Penn Square and began liquidations. Penn Square's assets, spurred on by the discovery of natural gas deposits in and around Oklahoma, had grown from $30m in 1974 to over $500m when it failed, leaving hundreds of millions of dollars of losses to lenders and depositors.

But Mr Jennings and Mr Patterson are not the only two witnesses who can expect some tough questioning from the committee chaired by Mr Fernand St. Germain, the Democrat congressman from Rhode Island who has already made it clear that he expects some hard answers from the bevy of Federal regulators and officials responsible for overseeing the health of the nation's banking system.

In earlier hearings in Washington, Mr St. Germain, after listening to evidence from the Comptroller of the Currency's Office, which regulates Banks, that an investigation in April 1980 had revealed a series of problems at the bank, said "hundreds of investors placed money in an institution which an agency of the U.S Government knew to be unsound. Public monies were used to examine the bank, collect data, to analyse the condition, but the public did not receive the results of the work they paid for."

Accordingly the committee will be seeking explanations from the regional comptroller of currency, the Federal Deposit Insurance Corporation — the Government agency that protects bank depositors against failure up to $100,000—and the Federal Reserve president from Kansas City about why the whistle was not blown sooner.

The committee will also be taking evidence from Arthur Young and Co, the bank's auditors who qualified Penn Square's 1980 financial statements saying that the bank's reserves for possible losses were not adequate, and Peat, Marwick Mitchell and Co who subsequently took over as auditors and removed the qualification from the 1981 statements.

Among the key questions which the banking committee hopes will be answered during the investigation are:

● What went wrong at Penn Square and why?
● Was there sufficient disclosure of information by the bank?
● Could the various government agencies have made more use of their supervisory powers?
● Was there sufficient coordination between the government agencies responsible for overseeing the bank's affairs?
● What impact has the collapse of Penn Square had on the U.S. banking system?
● Could the bank's failure have been avoided and what steps if any should be taken to prevent similar collapses in the future?

Some insights into the bank's failure have already emerged during preliminary hearings in Washington. For example, bank regulators have revealed that Penn Square was flouting existing bank regulations and the Federal Bureau of Investigations has been called in to examine criminal allegations.

It is, however, also clear that the House banking committee intends to investigate all aspects of what one Congressional aide described as "a classic bank failure."

In addition it seems likely that today's hearings will provide Mr St Germain and his colleagues with some of the ammunition they require to push for a greater degree of bank disclosure.

Such a development would meet strong resistance from within the U.S. banking industry and probably from the bank regulators. Mr Paul Volcker, the Fed chairman, has already said that the Penn Square collapse was "isolated and containable."

Iran's armed forces seem poised to open up new front in Iraq

BY TERRY POVEY

IRAN'S ARMED forces seem poised to make yet another push to try to break the Gulf war deadlock, after four weeks of indecisive fighting in southern Iraq.

Colonel Sayyed Ali Shirazi, Iran's hawkish ground forces commander, has in the last few days, according to diplomats and others, been given the green light by the country's leader Ayatollah Khomeini for what could become the bloodiest battle so far in the 23 months long Gulf war.

In Tehran, there is growing speculation that the next offensive will involve the opening of a second front inside Iraq. The areas being mentioned lie further north than the present battleground, close to the Iraqi port-city of Basra. There is even the possibility that the attack will be made from close to the Kurdish town of Marivan, with the objectives being the important city of Sulaymaniyah, 50 miles inside Iraq, and then the major oil centre of Kirkuk another 50 miles further on.

Yet, in Iran's capital there is a growing opposition to the war. Many Iranians appear to feel it should have ended when Iraq beat its retreat after the recapture of Khorramshahr more than two months ago.

This anti-war feeling has strengthened as the casualty toll from the five offensives launched against Basra so far became more widely known. Senior army officers speak of losing 1,000 men a day, dead, captured and seriously injured, in the first three weeks of the cross-the-border campaign.

The pro-war elements in Iran's leadership have, as a result, had to spend much time justifying the continued fighting. Their arguments and explanations for why the war is still going on are being repeated over and over again in the heavily state controlled media.

In spite of these explanations, even some of the most militant supporters of the fundamentalist regime are now expressing bewilderment at the course of events. "We just don't understand why we are still fighting and why our children are still dying," said one reached by phone from Tehran last week.

Reports from key revolutionary guard and militia units suggest that even the most fanatical are now having doubts about the war.

After Iran invaded Iraq on July 13, the doves in the regime, among which were reportedly the President, the Prime Minister and the Foreign Minister, tried to divert Ayatollah Khomeini away from his apparent commitment to a full blown invasion aimed at capturing Baghdad and setting up an Islamic Republic.

They suggested that the purpose of the invasion was to establish a *cordon sanitaire* (to prevent shelling of border towns and cities), and when this was not taken up, that getting the non-aligned summit moved out of Baghdad would be enough to claim victory.

But to all of these, the militants answered with their war cry: "To Karbala and Najaf without passports" (these being the two most important Shi-ite shrines, both in Iraq). Even Ayatollah Khomeini now appears to have passed up these opportunities to get himself and his regime off the hook of continuing the war for ideological reasons only.

Faced with increasing opposition to its war policies, the regime has turned on those of its opponents it can strike at without too strongly destabilising the still fragile government machine. The pro-Moscow Tudeh Party and Fedayeen guerrillas both report increasing harassment of their members and the banning of their newspapers has recently been renewed.

Vietnam 'steps up activity in Kampuchea'

By Jonathan Sharp in Bangkok

VIETNAM, far from winding down its military presence in Kampuchea, as it has claimed, has stepped it up in recent weeks, according to the head of Thailand's National Security Council.

Squadron-leader Prasong Soonsiri also said the Soviet Union, Hanoi's main benefactor, had established an electronic intelligence centre inside Vietnam with a number of long-range reconnaissance aircraft which could keep watch on the entire region as far as Japan.

Fresh supplies of Soviet-made T-54 tanks, plus armoured personnel carriers and other heavy equipment had been moved into Kampuchea for the Vietnamese forces who have been there since late 1978, he added.

The T-54 is an elderly weapon, but Sqn-Ldr Prasong said the other equipment sent to Kampuchea included an advanced version of the standard AK-47 assault rifle.

He interpreted these moves as meaning a stepped-up campaign against the Kampuchean guerrilla forces which in June came together in a loose coalition under Prince Norodom Sihanouk.

Saudi relations with Aramco strained by fall in oil output

BY RICHARD JOHNS

RELATIONS between the Saudi Arabian Government and the four U.S. majors who are partners in the Arabian American Oil Company's (Aramco) operations have become seriously strained because of a marked fall in Saudi oil output.

As a result, Saudi Arabia is considering selling to companies outside the group — which includes Exxon, Socal, Texaco and Mobil—according to the Middle East Economic Survey.

The news letter says Aramco production is expected to drop to 5.5m b/d in August, the lowest level of the past decade, because of the four majors' objections to the relatively high price of Saudi crude.

Since the Saudi Government took full control over their assets and their role was reduced to one of a joint service company in 1976, they have continued to enjoy privileged access to oil from the biggest producing operation in the world.

The four American companies have lifted all Saudi oil except the volume sold directly by Petromin, the state-owned oil corporation, to third-party customers or used domestically.

MEES estimates the present volume of Petromin's commitments at 1.6m b/d but says that actual liftings have been much lower because of market commitments. It suggests that liftings by Aramco partners may be only some 3m b/d.

The companies are understood to have been making representations to the Saudi Government for more than a month. They have complained of Saudi prices — based on $34 per barrel of Arabian Light, also the reference for the Organisation of Petroleum Exporting Countries (Opec) — being too high at a time when fellow-members are offering various forms of discounts.

The average Opec price in relation to Arabian Light (after allowance for quality and transportation differentials) is now reckoned to be well below $32. In the meantime, other members of Opec have exceeded the allocations set under the production programme begun in March but which collapsed last month.

Saudi Arabia's warning to the companies can, at least, be seen as evidence that it has no intention of lowering its $34 price and is not prepared to make any other concessions to satisfy the four majors.

At the same time, the Kingdom is evidently feeling the squeeze on its revenue from falling oil output. It is believed to need an Aramco requirement of about 6.5m b/d to maintain its current and capital development spending programme without drawing upon reserves.

Opec's four-man Ministerial committee, set up to monitor the oil market and headed by Dr Mana al Otaiba, of the United Arab Emirates, is scheduled to meet in Vienna on Friday, August 20. But in the present situation no strong recommendations are expected from it, nor is the session likely to be followed by a full-scale conference.

The majority of members would not want to risk another deadlock following the failure of the Opec conference in Vienna last month to settle the question of production levels.

Poland calm after rioting

BY OUR FOREIGN STAFF

POLAND was calm at the weekend following bitter rioting in the northern port of Gdansk on Friday and disturbances in three other cities.

At a gathering of some 120,000 pilgrims in the shrine at Czestochowa yesterday, Archbishop Jozef Glemp, the Polish Primate, called for a new dialogue between the people and the military authorities to eliminate what he called "invisible hatred."

There were no demonstrations and only a few of the congregation wore the insignia of Solidarity, the suspended trade union.

The streets were quiet in Gdansk and Warsaw, the capital. In Gdansk, scene of battles between police and about 10,000 pro-union demonstrators on Friday, people placed flowers at memorials and sang hymns.

WORLD BANK DEVELOPMENT REPORT

Poorest nations in greater need of increased aid

BY WILLIAM DAWKINS

THE POOREST countries in the developing world are in greater need than ever of increased concessional aid and more access to international capital markets, the World Bank warns today.

It says the most poverty-stricken countries have suffered "direct detrimental effects" in the past two years because the growth in official development assistance (ODA) from industrialised nations has been weak.

While aid flows increased sharply in the past decade from $4.1bn in 1970 to $22.8bn in 1980, the growth in net ODA is now slackening and is predicted in the bank's annual world development report to reach only $25.8bn this year.

The low-income countries' position is made more difficult by the paradoxical fact that most of the aid tends to go to middle-income economies — 63 per cent last year.

At the same time Western donor countries' economic problems and anti-inflationary policies have driven up interest rates, making borrowing more expensive, while industrialised countries' attempts to reduce budget deficits have meant that recipients of aid have lost out.

The report warns: "To facilitate greater capital flows, aid must not be allowed to suffer from pressure to cut fiscal deficits."

The bank praises Italy for being one donor country which has not allowed its aid programme to suffer from such pressures. Although its proportion of ODA to gross national product (GNP) is now about half the average of 0.37 per cent of big donors, Italy plans to raise this to 0.7 per cent by the end of the decade.

Rome has recently agreed to provide L450bn of concessional assistance for co-financing of World Bank projects over a three-year period—the largest agreement of its kind concluded by the bank.

"Italy's determination to enlarge its aid programme substantially is an encouraging illustration of the impact of a dedicated, well informed and energetic information campaign," the bank notes.

Members of the Organisation of Petroleum Exporting Countries (Opec) have also been generous—even taking into account their oil revenues. Relative to their incomes, Opec members are six times more generous in their aid efforts than industrialised countries, the report claims.

The bank predicts that if industrialised countries' economic recovery is further delayed, then aid flows will grow in real terms more slowly than GNP, possibly bringing the average ratio of ODA to GNP down to 0.33 per cent.

"The share of private financing in total capital flows would thus grow markedly," the bank notes. Of total capital flows to developing countries, the share of ODA fell from 43 per cent in 1970 to 35 per cent in 1979—even though total aid increased sharply during that period.

Last year, $48bn of the $99.5bn net capital flows to developing countries came from private sources.

If real interest rates remain high and developing countries' exports—particularly of commodities—remain depressed, the bank predicts: "Developing countries' borrowing from financial institutions would scarcely grow at all in real terms."

This is particularly true of low-income countries, whose share of private capital flows to developing nations is a mere 2.2 per cent. The bank does not see them as being likely to get additional access to capital markets in the next decade.

At the same time, volatile interest rates and the changing make-up of international capital flows have brought some borrowers to a severe liquidity crisis. This in turn has made banks more cautious.

"The Polish debt difficulties have had a chilling effect on the world environment for capital flows, which is beginning to be felt by several countries, including Romania and Hungary."

Developing countries' total outstanding debt reached $516.6bn last year—compared with $445.2bn in 1980—of which $338.8bn was debt to private lenders, and the rest owed to official sources.

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West urged to keep protectionism under control

BY STEPHANIE GRAY

PROSPECTS for many developing countries this decade will look increasingly bleak unless the West boosts aid to agricultural projects and research, the World Bank argues in its latest development report, published today.

This emerges against a background of declining funds from industrialised nations, continued weakness in commodity prices — far outstripping benefits of cheaper oil — deteriorating export opportunities and a poor outlook for commercial borrowing.

Another lengthy recession has revived an old debate and the bank has come down firmly on the side of the link between progress in agriculture and its determination of the speed at which countries can industrialise.

It seeks to redress the balance of investment in agriculture by industrialised and developing countries alike.

While many Third World nations have proclaimed agriculture and rural development as the cornerstone of their national plans, most have allocated only between 5 and 10 per cent of their government budgets to the sector in recent years. Priorities need to be reconsidered, the report says, if output is to improve.

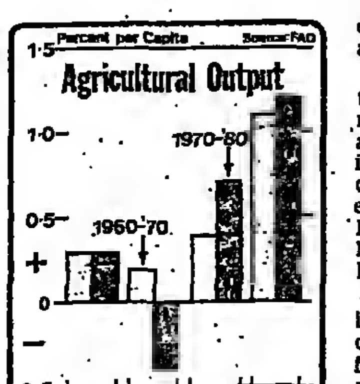
At the same time, industrialised countries' official assistance to farming in developing nations slowed to $10bn in 1979-1980 after more than doubling in real terms, between 1973 and 1978. Aid to their domestic agriculture, however, was typically eight to tenfold greater.

The need for the West—especially the EEC, Japan and the U.S.—to keep protectionist pressures under control has again been emphasised in the report as one of the most effective ways richer countries can help the poor ones.

Should there be little improvement in the 1980s, the bank warns, "social and political tensions created by unemployment could seriously complicate economic management."

The report urges a shift in concessional aid from middle to low income countries, 70 per cent of whose population depends on agriculture, and emphasises the benefits of recurrent investment against the present almost exclusively capital oriented projects like ambitious irrigation works.

It advocates instead a strengthening and expansion of international research centres to cover more crops and more ecological conditions. Higher production of commodities like coarse grain, sorghum, pulses and tubers—eventually for export—might ease dependence on tea, coffee and cocoa for income.



While international prices for tropical beverages, on which many low income countries rely, are unlikely to improve, trends in grains, cattle feed and food crops look increasingly good, especially in areas such as Eastern Europe where there have been consistently bad harvests.

The report urges greater investment in low income countries in the education of farmers, simple technology, rural infrastructure and management with the use of local labour, improved marketing methods and research into alternatives to pesticides and other chemicals with the aim of preserving soil quality.

It emphasises the vast energies and dynamism of the poor, the importance of using local knowledge to greater benefit in design and management of development schemes, and, in the right conditions, high productivity of farmers, especially small ones.

In many middle-income countries, the seeds of enormous expenditure, especially in education and health care for rural populations, are about to sprout, the bank says.

Already, per capita income in these countries has increased from $430 to $2,000 a year.

However, in low income countries apart from the success stories of China and India —which may not be able to sustain the progress they made in the 1970s without continued external assistance — output growth is likely to remain severely depressed.

Prospects for sub-Saharan Africa a matter of grave concern

BY MICHAEL HOLMAN

SUB-SAHARAN African countries fared badly in the 1970s and the decade ahead looks no more encouraging: "Their prospects are a matter of grave concern," warns Mr. Tom Clausen, President of the World Bank.

The report singles out the region's weak agricultural performance as an important reason for a poor growth record.

African agricultural output fell from a yearly growth rate of 2.7 per cent between 1960 and 1970 to 1.3 per cent in the seventies. But the worryingly high rate of population growth meant that output per capita which grew at 0.2 per cent in the sixties fell by 1.4 per cent a year between 1970 and 1980.

Food output during the two decades fell from 2.6 per cent to 1.6 per cent, while per capita production declined from a marginal annual improvement of 1.1 per cent in the sixties to a fall of 1.1 per cent in the next decade.

With these low or negative growth rates "Africa presents a major challenge to domestic policy makers, and the international community alike."

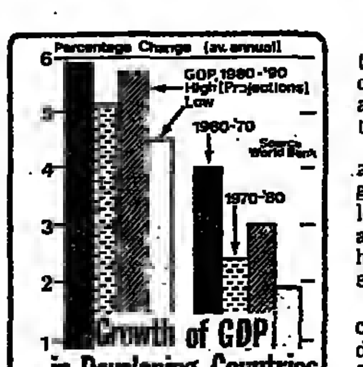
But short term prospects are poor, and some sub-Saharan countries are "in a situation even more desperate than a year ago." Development in the immediate future "depends very much on aid and trade trends, but in the longer run domestic policies are critical."

Unlike the countries of south Asia, where technological advances have resulted "in a tie in the race between population growth and agricultural production," in Africa "the race is at present being lost."

The lack of technological improvements is cited as the main reason for the region's poor performance, but the report also blames a range of domestic policy shortcomings.

Overvalued exchange rates, taxation of agricultural exports, heavy protection of fledgling industries and inefficient parastatal (state-owned) processing and marketing agencies all contribute to a bias against the farmer.

Yet appropriate domestic policies can have a marked effect: "Despite the similar resources and history of the countries, agricultural productivity has increased twice as fast in Cameroon and Liberia in recent years as it has in neighbouring Guinea and Ghana."



But the report also warns of the impact on developing countries of "heavily protected and supported" agriculture in the developed world.

Developed-country disposal of agricultural surplus, notably grains, can sometimes depress local food production, while agricultural protection policies have hit developing country exporters.

Thus the share of developing country sugar exports to the developed world has fallen from 58 per cent in 1970 to 64 per cent in 1978.

The report also notes the mixed blessing that oil has proved in Nigeria. There was almost zero agricultural growth between 1960 and 1980 despite national economic growth of 4.8 per cent a year.

In the 1970s, Nigeria's volume of agricultural exports halved while the volume of agricultural imports quadrupled.

But the report finds some encouragement in the results of the World Bank's three rural development projects in northern Nigeria in which 1,400 miles of feeder roads have built between 1975 and 1980 making farmers' access to markets and supplies easier.

"If agricultural technologies can be improved, additional resources mobilised, and appropriate policies adopted in industrial and developing countries," says the report, "then faster agricultural growth will be achieved."

Developing countries more vulnerable to adverse economic shifts

BY STEPHANIE GRAY

DEVELOPING COUNTRIES have grown roughly twice as *fast as their industrialised* counterparts since 1973, the World Bank said in its report published today.

Faced with sharply increased prices for their imports of fuel and manufactured goods, developing countries borrowed more, boosted exports and substituted for imports. In many of them, investment rose as a proportion of gross domestic product.

This assessment, however, offers little optimism for low-income countries in the 1980s. Weakened by lower export *prices, substantial balance of* payments deficits and heavy debt burdens, developing countries are more vulnerable to adverse shifts in the world economy than they were a decade ago.

Private capital is more expensive, concessional aid has fallen and remittances from migrant workers in oil-rich nations are now also beginning to fade.

Nevertheless, the World Bank says, middle-income countries should be able to repeat the successful adjustment they made to the adverse conditions of the 1970s.

Sri Lanka provides a dramatic example of adjustments to external shocks and of the elusiveness of success in the face of continued deterioration in the international environment.

Changes in terms of trade between 1960 and 1980 meant the increase in the value of per capita GDP dropped and the country adjusted by raising investment while curbing consumption.

Through the 1970s rising investment in the development of food crops, some import substituting industries, tourism, and export and manufacturers helped increase the growth momentum of GDP. But once again the increase in the volume of GDP was offset by deteriorating terms of trade.

In 1980, Sri Lanka found itself with a volume of per capita GDP almost 70 per cent higher than in 1960, a four-fold increase in real per capita investment, an extraordinarily high capital inflow, yet reduced consumption.

Policymakers still need, however, to continue emphasising the importance of increasing levels of domestic saving and investment, improving efficiency in the use of capital and responsible management of external debts, the banks says.

This last factor has taken on added urgency in the present recession. The changing composition of international capital flows and high interest rates brought eight countries to the Paris club and commercial banks last year seeking to reschedule debt. Through the 1970s debt re-scheduling agreements averaged only three a year.

For low-income countries, the picture is "mixed but generally bleak."

Continuing the main theme of the report, the Bank says developing countries with very few exceptions could gain significantly by giving greater priority to agriculture.

Science-based agriculture research can promote opportunities for growth. Further gains can be had from past investments in infrastructure.

Poor showing for Europe in trade with Chinese

BY TONY WALKER IN PEKING

Zhao Ziyang: would like to maintain commercial relations with the U.S.

CHINA'S BUOYANT trade performance in the first six months of this year—it recorded a surplus of $2.8bn (£1.64bn)—has been at the expense of industrialised countries like Japan and West Germany.

Countries rich in commodities, such as the U.S., Australia and Canada continue to do well in trade with China in contrast to the dismal showing by many European countries.

But the most spectacular downturn in trade with China occurred in the case of Japan, whose exports to China in the first six months of this year were down to $1.76bn—37 per cent less than the same period of last year. Japanese imports from China were up 14 per cent to $2.71bn, resulting in a massive turnaround in the balance of trade between the two countries, according to figures released in Peking. Japanese sales of plant and equipment were down by 60 per cent and sales of steel products were off by 10 per cent.

Similarly, West German trade with China has fallen dramatically this year. West German exports went down 22 per cent in the first five months of this year compared with the corresponding period last year, from $452.4m to $321.6m. West German imports from China in the first five months went up 3.5 per cent, compared with last year, from $284.4m to $294.4m.

Britain's trade with China continues to slide. In the first quarter this year, UK exports to the Chinese market were well down on last year, continuing the trend of the past several years. The picture for British traders in China is likely to continue to be a gloomy one.

Figures released in Peking this week by the U.S. Commerce Department showed that U.S. trade with China had held up well in the first six months of this year.

Sino-U.S. trade in the six months to June reached $2.75bn compared with $2.4bn in the corresponding period last year.

Although the main U.S. exports to China were down some 8 per cent this year on last year, a reflection of the readjustment policy which resulted in retrenchments in Chinese purchases of plant and equipment, the overall picture for U.S. business in China remains relatively buoyant.

The U.S. registered a $662.7m trade surplus in the first six months of the year compared with $990.1m in the corresponding period last year. U.S. exports to China in the six months to June 1982 amounted to $1.71bn, compared with $1.86bn in the first half of 1981. U.S. imports from China reached $1.04bn—about 20 per cent up on the corresponding period last year.

Wheat and raw cotton continue to be the main U.S. exports to China, although cotton shipments to the Chinese market registered a sharp drop due to increased production by China itself and also because the Chinese had built up reasonable stockpiles.

China's total exports in the first six months of 1982 jumped by 10 per cent compared with the corresponding period last year, while imports were down by 19 per cent.

China appears to be heading for a substantial trade surplus this year, in contrast to the small deficit it officially recorded on its visible trade in 1981. China's relatively strong trading position is reflected by the fact that it holds more than $5bn in foreign exchange reserves.

According to a report in the Shanghai-based World Economic Herald, China's improved export performance in the six months to June this year was due largely to increased shipments of petroleum products and machinery, which went up by 15 per cent and 19 per cent respectively.

A U.S. Commerce Department official said in Peking recently it was unlikely that China would pursue a long-term policy of maintaining a sizeable trade surplus. He observed that the Chinese were now well placed to increase purchases from the West.

The official said commodities such as chemicals, fertilisers and machinery for use in oil development were likely "target" areas for the Chinese.

The dispute over U.S. arms sales to Taiwan did not appear to have affected Sino-U.S. trade, he said. Both Zhao Ziyang, the Premier, and Deng Xiaoping, the powerful Communist Party vice-chairman, had said they would like to see commercial and economic relations with the U.S. maintained, in spite of political difficulties.

An interesting statistic provided by the Chinese is that exports of Chinese textiles to Britain in the first six months of this year recorded a jump of 179 per cent. Mrs Margaret Thatcher may be able to use figures like that on her visit to Peking next month as a lever on the Chinese to encourage them to buy more British products, as Sino-UK trade is now running more than two to one in China's favour.

UK group sells $1m of computers to China

By Jason Crisp

ARBAT, a London-based computer systems company, has sold four powerful U.S.-built minicomputers worth more than $1m (£590,000) to China. The computers are to be used by the Civil Aviation Administration of China (CAAC) and the Peking Railway Administration.

Arbat—a subsidiary of Arbuthnot Latham—expects to win further orders and that China will spend $10m on micro and minicomputers this year. One of the key factors in winning the initial order, says Mr Doug Shilling, Arbat's Far East Director in Hong Kong, was the speed at which it negotiated the U.S. export licence, six months.

The computers are made by Digital Equipment, the second largest computer manufacturer in the world. The computers (PDP 11) will be used by the Peking Railway Administration to schedule trains and cargo movements.

It has 9,500 railway engines, 50,000 wagons on 30,000 miles of track which is highly inefficient because of the complexity and its lack of computers. Arbat says it plans to install micro and minicomputers at some 326 depots.

The aviation authority is to use its computers for freight scheduling and the management of aircraft maintenance. Arbat's China project director said it would be approaching UK and U.S. suppliers of computer equipment to bid for extensions to systems it had provided.

Arbat's income last year was £13m of which about £1m came from the Far East. It specialises in banking and communication systems.

James Buchan in Bonn examines a vital transport link's future

Fares threat angers Berlin carriers

A PROPOSAL by Herr Manfred Lahnstein, the West German Finance Minister, to phase out the 18 per cent subsidy which the Bonn Government pays air passengers to and from West Berlin is causing deep disquiet.

The British, French and U.S. civil air attachés, who regulate the traffic on the three air corridors into West Berlin, are furious at the lack of consultation and feel that the traffic and the economy of the isolated Western sector can only suffer.

British Airways, which shares with Pan Am all but a fraction of the Berlin traffic with Federal Germany, has warned of a 10 per cent annual drop in passengers if Parliament approves Herr Lahnstein's proposals. Because of the improved surface links to Berlin since the Four-Power Agreement in 1971 and the threat of a fuel tax as part of some future Bonn budget, the airline fears that traffic will have halved by the time the subsidy is ended in 1986.

In the city itself, Herr Norbert Blum, a Christian Democrat senator, called Herr Lahnstein's announcement a "decision against Berlin" and Herr Richard von Weizsaecker and the ruling mayor who is also a Christian Democrat, is now preparing for Bonn what is expected to be an exceptionally grim report on the city's economy. Chief among the fears of Berlin officials is the threat to the city's convention business and to Tegel airport, which is now facing ferocious competition from the other side of the Wall.

From Schoenefeld airport, which is outside the city limits and thus free from Four-Power jurisdiction, Interflug, the East German state airline, is offering cut-rate fares which attracted some 300,000 West Berlin passengers last year. With charter fares some 40 per cent below those of the Tegel operators, Schoenefeld is also thought to have picked up half of the traffic of Turkish *gastarbeiter* returning home.

The subsidy on Berlin passenger tickets was introduced in 1962, a year after the Wall was built, and was set at 20 per cent of the ticket price. Since then, the subsidy has fallen in relation to the ticket price to 18 per cent or less. Thus, on the busiest rout, which is Pan Am's Berlin-Frankfurt service, the passenger pays DM 348 (£80) for a return fare and the Federal Budget DM 62 (£14.50). The cost of the subvention was put at DM98m in the 1982 budget and is to be reduced by DM 25m a year from next year.

With characteristic skill, Herr Lahnstein and his officials tackled the major objections at the point of announcing their proposals.

● The Government has invested in improving the two motorways into West Berlin since 1971—including the East German stretches — and is planning to upgrade rail traffic so that the air subsidy has become a refinement.

● At least 60 per cent of Berlins air passengers are business people who are not as sensitive to higher prices as the ordinary citizen.

● Berlin, like every other city, has to bear its share of the drastic attempt to put state finances in order. The overall incentive payment to West Berlin, at DM 10bn, remains unchanged.

Opponents of the proposal, both in Berlin and elsewhere, argue that there is strong political pressure to cut the subsidy. No less a person than Herr Helmut Schmidt, the Chancellor, is said to be tired of Berlin's unremitting demands on the public coffers and to be suspicious that the airlines might be using the Inner German Services, as they are known, to cross-subsidise other operations.

The airlines were incensed by a remark from Herr Klaus Boelling, the Government spokesman, claiming that Pan Am and British Airways had been less than prodigal with information on costs and earnings on the Berlin routes.

Officials from the city, the airlines and the allies reject all of these arguments.

● The improvement in West German-East German relations that has made possible the better surface links does not mean that air services, which saved the city from blockade in 1948-49, should be allowed to decay. Further, some West German citizens dare not risk overland travel.

● In a year when corporate bankruptcies are up 40 per cent, many small and medium-sized concerns are becoming very sensitive to costs.

● The airlines say that even without the subsidy, their fares are still cheaper than the equivalent Lufthansa fare on routes within the Federal Republic. Lufthansa, which has set its face against cheap fares, effectively scuppered British Airways' proposal for a standby fare on the Berlin-Hanover route.

● Pan Am says that in the period 1973-79, when internal U.S. fares more than doubled, the DM price on Berlin routes went up only 52 per cent for the passenger and 57 per cent for the carrier. In that period, fuel costs went up eight-fold, and the Berlin carriers consume over 10 per cent more fuel than is usual because of the 10,000 ft cruising ceiling imposed by the East Germans.

● Although there have been heavy fare increases since then, Pan Am says it lost DM 11m on its Berlin routes in 1981 while British Airways had a "bad year." This year, Pan Am expects a small profit and British Airways a slight deficit.

● As for the charge that they are being secretive, both airlines say they have provided full documentation to the civil air attachés.

At present, the problem is waiting until Parliament convenes next month. The attachés have yet to produce a formal response but hope that this pause, and Herr Lahnstein's promise to consider the question again, might help preserve the status quo.

SHIPPING REPORT

Bleak conditions for dry cargo

BY ANDREW FISHER

SHIPPING RATES showed no signs of perking up last week. There was more tanker activity out of the Gulf, though Iraq's declaration of a maritime exclusion zone caused concern. On the dry cargo side, conditions remained bleak.

It is becoming ever harder, for shipbrokers and anyone else commenting regularly on the industry, to find new ways of describing markets which have been flat for longer than most owners would care to recall.

Dry cargo markets, said Denholm Coates, "remain both quiet and exceedingly depressing." Tonnage of all sizes has been going into lay-up, but the long-awaited technical upturn which could occur as a result has not been seen.

Rates across the Atlantic do, however, seem to have bottomed out after their recent heavy falls. With a modest increase in business booked for the future, the next move in rates should be upwards. At present, the Soviets appear to be virtually out of the market.

Galbraith Wrightson said the Iraqi exclusion zone could mean that more owners will wish to keep their ships clear of potential danger areas. Most liftings from the Gulf last week were from Kharg Island off Iran where premiums still obtained.

World Economic Indicators

INDUSTRIAL PRODUCTION (1975 = 100)

					% change over previous year
	June '82	May '82	Apr. '82	June '81	
U.S.*	138.4	139.4	140.2	152.9	−9.5
	May '82	Apr. '82	Mar. '82	May '81	
W. Germany	117.8	116.7	116.5	117.2	+0.5
France	114.3	113.7	112.5	114.0	+0.3
Italy	126.5	124.5	124.5	124.1	+1.9
UK	104.6	105.9	103.9	100.5	+4.1
Japan	144.8	147.3	150.2	142.2	+1.7
	Apr. '82	Mar. '82	Feb. '82	Apr. '81	
Netherlands	107.0	107.0	106.4	108.9	−1.7
	Mar. '82	Feb. '82	Jan. '82	Mar. '81	
Belgium	106.8	112.8	120.6	111.9	−4.6

* 1967 = 100

Source (except U.S. and Japan): Eurostat

Japan reaches record share of Swiss car market

By John Wicks in Zurich

JAPANESE CARS last year increased their share of the Swiss market to a record 27.2 per cent, as compared with 23 per cent in 1980 and 16 per cent the previous year.

Japan is second only to West Germany—with a 1981 market share of 39 per cent—as a supplier to the Swiss car market. The share of French cars continued its decline last year, falling from 19.4 per cent to only 16.4 per cent of all new registrations.

The most popular imported make remained Volkswagen, followed by Opel and German Ford. The most marked increases for the sales of major makes, however, were those of 38.8 per cent for Mazda, 41.7 per cent for Datsun and 43.9 per cent for Subaru. Among other Japanese cars, sales of Toyotas fell by 8.2 per cent over the year.

● The Swiss engineering company, Maschinenfabrik Rueti, has received an order worth SwFr 50m (£13.7m) from Springs Industries, of South Carolina, for the delivery of almost 800 air-jet weaving machines.

Rueti, which recently announced 300 redundancies and is currently working short time, says this major contract will provide an important contribution to its 1983 production programme.

$200m aircraft deals

Michael Donne writes:

JET AIRLINER orders worth more than $200m (£117m) have been announced this week in the U.S. and Japan.

Japan Air Lines is to buy two more 747 Long Range jets from Boeing, worth about $100m and it will also buy a surplus Pan American Boeing 747 freighter, all for delivery in 1984.

Frontier Airlines of the U.S. is buying two McDonnell Douglas Super 80 airliners, worth in all about $45m, for delivery in December, while ALM Antillean Airways of the Netherlands Antilles is also buying two Super 80s, also worth about $45m, for delivery later this year.

UK NEWS

Prior opposes ending Irish vote

BY PETER RIDDELL, POLITICAL EDITOR

MR JAMES PRIOR, the Northern Ireland Secretary, will strongly resist internal Conservative Party demands for early action to end the right of Irish citizens to vote in UK elections.

There has been growing pressure among Tory MPs to end this right. Several resolutions demanding immediate legislation have been submitted for debate at the Conservative Party conference in October.

Interviewed on the ITV programme Face the Press, Mr Prior said he hoped that Mr William Whitelaw, the Home Secretary, would not be in favour of the resolutions.

The obvious delaying tactic of Mr Whitelaw and Mr Prior is to say that they are awaiting the outcome of the inquiry into citizenship and voting rights being conducted in the next Parliamentary session by the all-party Home Affairs Committee of the Commons.

Mr Prior said in yesterday's interview that the whole issue of Irish voting rights required "careful thought."

It was right that the select committee should discuss the issue and that there should not be "any quick or sudden change." Mr Prior's comments yesterday are likely to increase the criticisms of him by the Tory Right.

Commenting that relations between the London and Dublin Governments were "pretty awful" now, Mr Prior stressed the importance of "good working relationships."

It was, he said, "a tremendous and terrible mistake to brand all Irishmen as pro-IRA and anti-British."

Our Belfast Correspondent writes: The Government is understood to have refused a request for short-term financial help from the UK consortium which wants to buy the De Lorean sports car company in Belfast.

How much this has harmed the consortium's chances may be revealed this week by Sir Kenneth Cork and Mr Paul Shewell, the joint receivers at De Lorean.

Sir Kenneth met Mr John De Lorean, the company's founder, in New York last week, and appeared optimistic about the progress of a plan for the unnamed consortium to acquire the Belfast operation, with Mr De Lorean continuing responsibility for the U.S. sales concern.

The plan proposes a second product alongside the sports car, but the receivers have not said what this would be.

Senior Ministers, including Mr Prior, are said to have turned down a request from the consortium for aid to help pay certain fees connected with raising the necessary capital of about £15m.

The Northern Ireland Office is less hopeful about the possibility of production being resumed. About £80m of public money was put into the company before it went into receivership early this year.

Taverne in running for national SDP body

By Peter Riddell, Political Editor

FIVE former Labour MPs are among the 64 candidates for places on the Social Democratic Party's national committee, which will be elected by its 55,000 national membership.

Four of the eight nationally elected members will be men and four women. The contests are wide open in a party where few people, apart from MPs, have had any chance to make a national name for themselves.

But two of the places are expected to go to Mr Dick Taverne and Prof David Marquand, both former Labour MPs. The other ex-MPs standing are Mr Michael Barnes, Mr Evan Luard and Mr Roderick MacFarquhar.

The only peer is Lord Kennet (Wayland Young), who was recently defeated for the leadership of the SDP group in the Lords.

Voting will take place at the same time as the postal ballot for the party's presidency. Mrs Shirley Williams, Mr William Rodgers and Sir Stephen Haseler are contesting for the presidency. Voting will close on September 21.

The national committee is elected by various franchises. Apart from the leader and president, there will be 16 other SDP members of the Commons (elected by themselves); two from the Lords; one from the European Assembly; 12 people elected from parts of the country by, and from, the Council for Social Democracy, the party's ruling body; three SDP local councillors; eight nationally elected members and one under 26-year-old.

Several people with long involvement in battles on the right of the Labour Party, and with the Gang of Four in establishing the SDP, are standing for a place on the national committee. They include Mr Clive Lindley, Mr Anthony Lester, Mr Matthew Oakeshott (all of whom have been closely involved with Mr Roy Jenkins), Mr Roger Liddle (the former special adviser to Mr Rodgers and now leader of the SDP group on Lambeth Council) Mr Ben Stoneham (the Camden area chairman) and Mr Jim Daly, a former GLC councillor.

Other prominent candidates are Prof Richard Layard of the London School of Economics, the main author of the proposals for an inflation tax; Mr Nick Bosanquet, an academic and ex-councillor, Mr Anthony Sampson, the journalist and author; and Mr Douglas Eden, a long-time campaigner against the Labour left.

There are 24 women candidates, of whom the strongest runners for the four places are probably Mrs Anne Sofer, who won a Greater London Council by-election in St Pancras North last October, and Ms Polly Toynbee, the Guardian columnist who is a member of the party's steering committee.

Some of the candidates who fail to get elected by the whole national membership are likely to stand for the various other franchises, a process which is unlikely to be completed until November.

Strike may cost Clydesdale new steel mill

BY LISA WOOD

UNOFFICIAL action in support of the health workers' pay demand last week by 1,300 steel workers at the Clydesdale Tube Steel works could mean that a £100m investment, under consideration by the British Steel Corporation, might go elsewhere.

However, plans for the seamless tube mill, which could be sited at Corby or Clydesdale, are not firm anyway, given the collapse of the market, particularly in the U.S., earlier this year.

Mr Ian McGregor, chairman of BSC, commented yesterday on speculation that the action by 1,300 of the 1,300 Clydesdale workforce had lost the mill the new investment.

"Unless there is some kind of evidence forthcoming from the responsible members of the workforce that they do not support or approve of this kind of unofficial action, then it is certainly one of the factors that will be taken into consideration," he said.

Last week Mr McGregor, on the eve of the action, condemned it as "irresponsible at a time when we are fighting for our futures."

The strike, on Friday, lost the plant two days' production after management decided it was not worthwhile opening just for Saturday. Those who took part in the action, all manual grade members of the Iron and Steel Trades Confederation, did so despite written instruction from their union not to.

The walk-out was in support of National Health Service unions' pay campaign.

BSC is in a tight squeeze this year between falling demand and an austere financing limit imposed by the Government.

In June, the Government said it would provide the corporation with £365m compared with the £461m BSC was looking for and the £768m provided last year.

The latest UK steel production figures for July showed that production was at its lowest level since December 1980 and was 21.3 per cent lower than a year ago. Last week the corporation announced another 1,122 job losses in its drive to bring down total employment from about 104,000 to 92,000 by next March.

In addition, BSC is in the midst of a major review of its plant configuration. The review is to be completed in the autumn, and there has been speculation that one of the five bulk steel making works may be closed.

Sproat champions freer shopping hours

BY PETER RIDDELL, POLITICAL EDITOR

MR IAN SPROAT, the Parliamentary Under-Secretary for Trade, yesterday put himself forward as the champion of freer shopping hours. However the chances of legislation to ease current restrictions on hours and Sunday trading look slim before the next election.

The obstacles are Whitehall caution, a crowded legislative timetable and a reluctance to antagonise small shopkeepers and the vocal Sunday observance lobby at a delicate time in the electoral cycle.

Mr Sproat floated the idea of freer hours over the weekend in a BBC radio interview. He said a removal of present restrictions would provide "more convenience and choice to the customer and the housewife."

There would be no compulsion on shops and there would be more jobs.

Trading hours legislation is, however, a matter for the Home Office rather than the Department of Trade, which is the sponsoring department for the retail trade.

Mr Sproat conceded he would have to persuade colleagues and there would be big problems about securing legislation in the next session.

He mentioned the possibility that proposals for removing restrictions might be put forward in a private member's bill, which he hoped the Government might support.

Consumer bills often win a high place in the ballot for private members' bills each November and there is a ready-made bill available which has already been considered by Parliament.

A Shops Bill liberalising opening hours was put forward in the Commons in the 1980-81 session. It made no progress, largely because of the opposition of Labour MPs from USDAW, the shopworkers' union.

A similar bill was successfully pushed through the Lords in the 1981-82 session by Lady Trumpington but it made no progress in the Commons.

Mr Sproat's championing of this issue is significant since, alongside his pressure to privatise British Airways, it shows how he is making a name for himself as one of the most prominent advocates of free market solutions among junior ministers.

Muted start to bank's Saturday hours

BY DUNCAN CAMPBELL-SMITH

BARCLAYS BANK'S Saturday morning opening got off to a muted but not discouraging start at the weekend, with 34 branches opening their doors from 9.30 am to noon.

Even at the *High Street* branch in Ruislip—where Mr John Quinton, Barclays' senior general manager, stepped forward to staff one of the tills for a while—there was hardly a stampede of eager customers.

It seemed the cashiers were sharing the available business about equally with the automatic cash dispenser outside.

Cash dispensers are not the only innovation since Saturday morning banking was abandoned by the clearers in 1969. There has been the growth of building societies' deposits, which last year picked up significantly more than the clearers and which appear to depend heavily on Saturday custom.

By September 11 Barclays will have 401 branches opening on Saturdays. The experiment will eventually draw on some 12,000 volunteer cashiers.

Several members of the Bank, Insurance and Financial Union, turned out at Ruislip on Saturday to express the union's opposition to the experiment.

Barclays' progress is being carefully monitored by the other clearers and could well prompt a general move—though only if business starts to pick up

Stores to test transaction telephones

BY JASON CRISP

TRANSACTION TELEPHONES which can check the validity of plastic payment cards are to be introduced soon in several British stores as part of a major trial.

The telephones read the magnetic strip on the card and the shop assistant taps out the payment sum. The telephone is connected with the card company's computer through a data communications network. In seconds the transaction can be approved and this is indicated on a small liquid crystal display on the telephone.

British Telecom says it is seeking tenders from four companies for transaction telephones—Racal, Standard Telephones and Cables, Thorn-Ericsson, and Ferranti-GTE. The Racal transaction telephone has already received technical approval and the other three are expected to be approved shortly.

BT says it expects about 1,000 transaction telephones to be in use by early 1983. The first will be installed in stores including Harrods, Selfridges, Harvey Nicholls and Austin Reed.

The first two card companies to try the system will be Barclaycard and American Express. Fraudulent use of plastic cards is estimated to have cost £12m last year.

There may be a rapid growth in transaction telephones. BT suggested the number could reach 10,000 by the end of next year. One of the advantages is the speed with which a card can be verified.

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Report criticises fuel-saving policy

A SECRET report being considered in Whiteball says the Government has failed to convince much of British industry that high energy prices are a key element in the country's energy conservation policy.

The report also attacks the marketing policies of the state energy industries for working against the Government's aim of limiting fuel consumption.

The study into energy efficiency in Industry was prepared by consultants Armitage Nortnn for the Energy Department. The report was submitted this spring and its publication was expected last month.

The Department nf Energy said at the weekend: "The report is still under consideration."

There is speculation in the conservation industry that the Government may be embarrassed by some of the findings, although Mr Nigel Lawson, Energy Secretary, did reveal a number of the conclusions—including the criticism of the state corporations—in a speech in May.

A government-commissioned study concludes that energy marketing activities are inconsistent with conservation aims, writes Ray Dafter

The report urges Mr Lawson to persuade, in particular, the area electricity boards and British Gas Corporation to change their marketing policies, geared to promoting sales.

It was felt that the supply industries should be more vigorous in informing consumers of lower tariffs through demand management and that they should voluntarily adopt standard units of energy measurement.

It was pointed nut in the supply and conservation industries that the recommendations presented the Government with a dilemma. The state corporations' marketing activities stem from the need to meet financial targets and from ministerial pleas to be more commercially-minded.

Even so, Armitage Norton says the marketing activities are inconsistent with the Government's conservation policy. This is based on reducing energy demand through the pressure of realistic prices coupled with a programme of information on the benefits of conservation measures.

But Armitage Norton said the price mechanism did not appear to work as effectively as might be expected. About 40 per cent of the companies investigated in depth were unaware of the Government's pricing policy.

It was found that few of the 94 sample companies had implemented the full variety of technically-possible energy savings measures. In at least one case, energy savings of over 50 per cent had been achieved.

But the average saving was only 10 per cent and half the companies had achieved less than 50 per cent of potential savings. Foreign-based companies and firms in the pharmaceutical industry were shown to have been among the most active energy savers.

Three main barriers to energy conservation were identified by Armitage Norton:

- The knowledge barrier — many of the companies had made little use of the available information on energy savings.
- Energy management—there was clear evidence that companies with the most sophisticated energy management systems achieved the biggest savings. The report says companies should raise the status of energy management and conservation investment.
- Capital investment criteria—in general, industry's funds were found to be severely rationed. Conservation investment appraisal was usually crude, based on short pay-back periods and ignoring longer term benefits, such as low risk and savings linked to fuel-price inflation.

Although Armitage Norton found it would be difficult to justify giving large-scale Government grants for general conservation investment, it was thought there could be a case for some financial incentives to draw attention to energy saving opportunities. The availability of loan finance on the right terms was considered crucial.

It was recommended that the Energy Department commission a study into "pay-as-you-save" financing schemes, currently provided on a small scale by companies selling energy conservation goods and services.

There was also a case for providing financial incentives for industrial building insulation, especially roof insulation, which normally had long pay-back periods.

Mr Andrew Warren, director of the Association for the Conservation of Energy, said the Government should provide more financial encouragement through loans, "pump-priming" grants and tax concessions. There were clear signs the Government was losing interest in conservation, he said.

"As the EEC has demonstrated, most of the energy savings in the UK have resulted from the recession and a reduction in living standards rather than from structural changes in energy demand resulting from conservation," said Mr Warren.

In the period from 1973 to the end of last year, total UK energy demand, based on primary fuel input, fell from the equivalent of 353.5m tonnes of coal to 317.3m tonnes.

Forecasts—as yet unpublished—prepared in Whitehall and the main energy-producing industries indicate that it could be 1990, and possibly well beyond, before fuel consumption returns to the 1973 levels.

Smelter negotiations with Coal Board face snags

BY MAURICE SAMUELSON AND IAN RODGER

ANNUAL COAL contract negotiations between Alcan Aluminium UK and the National Coal Board for the power plant for Alcan's Northumberland coast smelter at Lynemouth could be particularly difficult this year.

With world aluminium prices deeply depressed, Alcan is in no position to absorb a big increase in power costs. The UK subsidiary of the Canadian aluminium group lost £26m last year, and trading conditions have not improved this year.

The Coal Board is suffering heavy losses on the 13-year-old Alcan contract. The Northumberland and Durham coalfield is reported to have lost £48m last year. Alcan consumes about 9 per cent of the coalfield's 13.5m annual production.

The NCB hopes to get some of the subsidy money the Government was offering last month when looking, in vain, for someone to take over British Aluminium's closed smelter at Invergordon.

Mr Malcolm Edwards, director-general of marketing for the NCB, said there was "a very big gap" between it and Alcan in the present negotiations. The implication was that if the talks failed and Alcan closed the smelter the responsibility would lie with the Government.

Alcan said the contract was subject to annual review and the two sides had never yet failed to agree.

However, Mr Edwards said the 25-year contract provided for a major renegotiation after 13 years and the NCB had given Alcan notice that it could continue to supply coal to "Stage One" of the smelter only until the end of December, 1983.

The threat to Lynemouth comes only eight months after the Invergordon smelter was closed with loss of 890 jobs because of high power costs.

The other major aluminium smelter in the UK, operated by Anglesey Aluminium, is threatened with a crippling increase in power costs

It takes power from the Central Electricity Generating Board grid at national rates based on estimates 12 years ago of the cost of generating power at the Dungeness B nuclear station. Actual costs, when Dungeness begins generation in the near future, and which Anglesey is supposed to pay, will far exceed original estimates.

If both smelters closed the UK would be almost entirely dependent on imports.

Biggest aviation display

By Michael Donne, Aerospace Correspondent

THIS YEAR'S air show at Farnborough, Hants, will eclipse last year's Paris show as the biggest aviation display.

More than 150 of the West's latest aircraft will be at the Farnborough show, organised by the Society of British Aerospace Companies, from September 5-12. Of these, more than 50 will be either new types making their public debut or types not before seen at Farnborough.

Among the new types will be the British Aerospace 146 four-engined jet feeder-liner, now well into it flight-test programme; the European Airbus Industrie A-310 airliner, which made its maiden flight earlier this year: the Boeing 757 and 767 twin-engined jet airliners; the Lockheed TR-1 reconnaissance aircraft; and the U.S. Rockwell B-1 supersonic bomber which, although it first flew in 1974, has never been shown publicly even in the U.S.

The Society says many requests from exhibitors had to be turned down because of the constraints of space and time.

The public will be admitted on September 10-12.

Playing second fiddle . . . to a music machine

Elaine Williams discovers a note of concern in the orchestra pits

AUDIENCES at the latest hit production of Pirates of Penzance probably will not notice there are only 15 musicians in the orchestra pit, where 35 played the last time the piece was staged in the West End.

Humans have been replaced by synthesisers: one musician at the keyboard of a computer-controlled machine can simulate several instruments.

The increasing use of synthesisers has been worrying professional musicians for some time.

Mr John Morton, general secretary of the 40,000-member Musicians' Unions, said: "People hear more music today than ever before but it is played by fewer and fewer musicians."

Those with most at stake are the 4,000-odd session musicians in the UK, who provide the backing for artists in the recording studio.

Mr Morton is realistic about the use of synthesisers in music: "We cannot legislate against technology on the grounds that it might be the cause of unemployment."

The union, however, has managed to prevent machines taking over the roles of professional musicians where conventional sounds are produced.

Some recording companies have agreed to use humans where possible but there is often difficulty in interpreting the point where a machine can take over from several artists. In the Pirates of Penzance production, the union has managed to wring some concessions from the management to compensate, in part, for the lack of musicians in the main production. Six musicians now play in the foyer before curtain up and during the interval.

The cheapness and increasing complexity of silicon chips has caused dramatic strides in electronic synthesis, pioneered by Moog of the U.S., in the early 1960s and taken up by challengers like Casio in Japan, which entered the market less than two years ago. Many companies produce a wide range of machines in the U.S., Japan and Australia.

The first synthesisers on the market were expensive and primitive affairs—capable of playing only one note at a time. Today's machines are basically computers, connected to special electronic circuits which translate coded digital signals in the computer into the pitch, tone, duration, and the attack and delay which define each musical note.

Each of these parameters can be altered to make the machines simulate a conventional instrument such as a violin or produce completely new sounds.

Extremely sophisticated models are on the market at relatively low cost. Casio has a digital synthesiser for the professional market which costs less than £400. It can create more than 1,000 different sounds.

Another of Casio's electronic keyboards, aimed at amateurs, reads music. It can play back simple tunes fed into its memory, using a light pen which reads music in the form of a barcode such as that found on grocery items.

It is possible to buy attachments to personal computers such as the Apple or Commodore PET to turn them into music machines.

One of the most sophisticated musical synthesisers comes from Australia and is manufactured by Fairlight Instruments, which has sold about 120 machines to leading music artists all over the world.

Mr Morton accepted that professional musicians always have had to adjust to new technology. The invention of the gramophone created jobs in the recording studio — but reduced the number of orchestras and bands.

The coming of sound to movies in the 1920s killed off cinema orchestras, but that was offset by recording film scores in the studio.

Will the day come when electronic synthesisers replace the live orchestra? Mr Morton thinks not. "There is still a special value and unique experience in each live performance."

The major threat will come when computers start composing and performing on their own. . .

Glenn Copus

Instrument for a one-man band: The Roland Juno-6 synthesiser, costing £699

Midland calls for reflation moves

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE Midland Bank today lends its weight to the growing pressure on the Government to consider measures to reflate the economy.

In the summer edition of its review, the bank says there are few signs of spontaneous recovery in the UK. It believes the prospect of further declines in interest rates is limited so long as the Government seeks to meet its monetary targets in the face of the current trend of bank lending.

"It is now becoming doubtful whether a significant recovery can be achieved without reflationary action in which the Government takes the lead," says the Midland.

However, it adds that reflation would be unlikely to bring about any lasting recovery unless there was also a concerted attempt by employers and workers to control wages and prices.

The bank says that in spite of the efforts of Treasury ministers to look on the brighter side, the economy has failed to show the growth which was hoped for last autumn when the recovery seemed to be getting under way.

It says: "The indicators so far available for the second quarter (of 1982) do not add up to any obvious impression of a lift."

One of the restraints on economic recovery had been substantial increase in imports relative to export perormance, it says. Recently the largest increases in imports had been of finished manufactured goods, especially cars and capital equipment, while imports of basic materials and fuel had declined.

"The combination suggests that if some restocking had begun in the second quarter, it was not so much of materials needed to sustain increased domestic production as of foreign substitutes for home manufactures. This is not encouraging for a resumption of recovery."

Hopes that a recovery of world output would help to lift the UK economy out of its trough are generally discounted by the bank. Continued recession in the U.S., the flagging Japanese economy and the loss of momentum in France were negative factors. So were retrenchments in countries with large debts and interest burdens, plus weak demand from developing countries which had been hit by the fall in commodity prices.

The bank says although the UK's labour costs relative to those of its competitors had fallen somewhat, the UK's international competitiveness was still substantially less than in 1978-79.

On the prospects for interest rates, the Midland says that in the second quarter of this year, bank lending to the private sector increased by about £4bn.

An increase of credit at this rate for the year as a whole could not be accommodated within the Government's target for the growth of the money supply, the bank says. It estimates the present target of an 8 per cent to 10 per cent growth implies a maximum increase of some £10.5bn in sterling M3, the broad measure of money.

Even if bank lending were to slacken, which the Midland thinks probable, considerable sales of gilt-edged stock would probably be necessary to keep monetary growth on target with a consequent upward pressure on interest rates, it says.

The bank thinks there could be some moderate "reflation by stealth" in the next Budget, but it believes the need is for a specific increase in economic demand which would be met by domestic producers rather than importers.

In its survey of monetary conditions last year, the bank is scornful about the operation of Government policy.

It says: "During 1981 the monetarist prescription began to encounter not so much opposition as ennui." and it adds: "It began to seem desirable that in the interests of honest advertising the label on the package should be changed from 'monetarism' to 'deflation'."

"Midland Bank Review, Summer 1982, Box 2, Griffin House, Silver Street Head, Sheffield S13GG.

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Banks voice Argentine worries

BY OUR BANKING CORRESPONDENT

BANKS have written to the Government expressing concern about the impact on their business of the continuing freeze on Argentine assets. The Government has confirmed receipt of the letter but has not yet replied.

Blocking of the UK assets of Argentines was ordered by the Government early in April and resulted in Argentina taking similar measures against British banks, which no longer receive all the interest on their Argentine loans. British banks are owed considerably more than they owe to the Argentines since the latter moved much of their money out of London before hostilities broke out.

Though the Falklands fighting ended nearly two months ago, financial sanctions have not been removed. The banks are becoming increasingly concerned about the delay.

Aside from their own particular interests, continuation of sanctions contributes to fears that Argentina may default on international borrowings, which would exacerbate the serious problems now facing international banks.

The Government's delay in removing financial sanctions from Argentina's failure to confirm a permanent cessation of hostilities.

Mr Francis Pym, the Foreign Secretary, told Parliament last month that the economic measures were "under active review."

But lifting of sanctions "must depend on the Argentines terminating the measures they have taken against us."

CBI denies Labour ties

BY MICHAEL CASSELL

THE Confederation of British Industry attempted at the weekend to allay fears that it is siding with the Labour Party over economic policy.

Sir Terence Beckett, director general of the CBI, has written to all members to counter what he described as "mischievous publicity" surrounding his meeting last week with Mr Peter Shore, the "shadow" Chancellor.

Sir Terence said that at the meeting, requested by Mr Shore, the CBI took the opportunity to distance itself from the Labour Party's policy of "injecting large doses of demand into the economy, which would result in high inflation and a wage explosion."

Mr Shore was told it would reduce competitiveness and increase unemployment.

"Labour's overall policies of planning agreements, more nationalisation, withdrawal from the Common Market, and injecting large measures of demand—combined with import and price controls—would be fatal to our industrial effectiveness," the CBI letter said.

Waste-gas fuel recycle plan

BY DAVID FISHLOCK, SCIENCE EDITOR

DUNLOP is interested in coupling its new process for making fuel gas from industrial wastes with a process for separating edible protein from whey, developed by a small Welsh company, Bio-Isolates.

Dunlop Bio-Processes, marketing arm for Dunlop's developing interest in biotechnology, believes there are commercial possibilities in joining the new technology of Bio-Isolates with its Anodek process.

The Anodek process, licensed from Belgium, produces a fuel gas rich in methane from the wastes of the food and drink industries.

Dr Gareth Morris, who heads Dunlop Bio-Processes in the technology division of the group in Birmingham, said there had been discussions about using the Anodek process to treat the strong effluent from the Bio-Isolates process.

The Bio-Isolates process uses ion-exchange to separate high-quality protein from whey.

If the processes were used together, the fuel gas produced could be recycled for use by the process plant, Dr Morris said.

Closure of car franchise outlets quickens

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CLOSURES of franchised car retailing outlets in Britain quickened last year. General Motors of the U.S. and the Peugeot group of France lost the most.

Total outlets fell nearly 2.5 per cent, from 8,965 to 8,747 in January this year. Since then the loss rate has almost certainly increased.

The drop in GM outlets was nearly 15.8 per cent, from 826 to 695.

The cause was its determination to push through a merger of the Vauxhall and Opel networks last year.

There were 597 Vauxhall and 224 Opel dealers. The target was a combined network of 800 selling both marques.

The latest edition of Franchise Networks from the Ronald Sewell consultancy organisation gives the details. It says: "Geographic overlap or dissatisfaction probably accounted for less than 30 dealers leaving GM. The supplier, on the other hand, did use the situation to weed out unsatisfactory dealers and about 20 went on that score."

The Peugeot group was putting through a more gradual programme to create a chain of dealers to handle both the Talbot and Peugeot ranges. This, combined with the sharp drop in market share, led to a fall of more than 17 per cent in Peugeot-Talbot outlets from 783 to 647.

Peugeot's ultimate aim seems to be 500 dual-franchised dealerships. At the end of last year 224 had been dualed against the 150 target.

Sewell says these two integration processes have transformed car distribution. "Where previously all networks could by grouped by nationality of supplier, now there are two groups—multinationals and the rest."

There are 175 car dealers for each 2 per cent of the new car market at present. The latest statistics seem to support the frequently-cited theory that only 100 dealers are needed to support 2 per cent of the market.

Other companies with sharp drops in dealerships last year included Alfa Romeo of Italy, down nearly 15 per cent from 128 to 109 and Skoda of Czechoslovakia, down 16 per cent from 274 to 230.

In sales per outlet Ford continues to dominate, with an average of 396 units per outlet, down from 401 the previous year.

BL's network fell from 1,746 to 1,725 but sales per outlet rose from 176 to 179.

Franchise Networks 1982. Sewell, 1 Queen Square, Bath BA1 2HE, £6.

Trailerent plans five-year expansion

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TRAILERENT, the trailer rental company recently acquired by Mercantile Credit, a subsidiary of Barclays Bank, plans a £20m, five-year expansion programme.

Set up in 1978, Trailerent claims to be the third largest of its kind in the UK.

It has joined Mercantile's automotive and engineering division which includes Dial Contracts, believed to be Britain's biggest car contract-hire company, Camden Motors, also a car contract-hire concern, and Railease, which hires railway wagons to the private sector for use on the British Rail network.

Trailerent said it would step up spending on new trailers from £750,000 this year to £1.25m in 1983.

"Depending on the economy and on future gross weight legislation, investment will accelerate from there," said Mr Mike Dibb, managing director.

The expansion programme calls for the doubling of Trailerent branches in the UK within the five years to 16 or 18.

The size of the trailer fleet, now about 1,500, will be increased substantially.

Trailerent also wants to establish a base on the Continent.

QE2 passengers create party mood

By Arthur Sandles on board the QE2

WITH THE bands playing, the wine flowing and the roulette wheels spinning the QE2 is back in business, now well out into the Atlantic on the Southampton to New York run.

The Cunard flagship, glistening after her £5m post-Falklands refurbishment, is packed. The 1,500 passengers have spent between $850 (£498) and $3,400 each on the trip and they seem determined to maintain a party mood right across the ocean.

Traces of the Falklands experience, during which thousands of troops were aboard, remain. Workmen are still completing the tidying up; yet to be replaced carpeting reveals the occasional mark of army boots; here and there a cigarette burn offers evidence of a British Tommy and his latter-day equivalent of Woodbines.

But you have to search for such things. Mostly it is new colours, new facilities and a new zeal.

Cunard is obviously trying to squeeze every ounce of publicity out of the return to commercial waters of the QE2. At Southampton a military band and leggy drum majorettes kept passengers, their friends and television cameramen entertained while final preparations were made for departure.

In both Southampton and Cherbourg the world's Press were invited aboard. In New York another spectacular is planned, with the arrival nicely timed to catch the attention of the popular television breakfast shows.

For all the excitement, there is a touch of realism in the air.

Lord Matthews, chairman of Cunard Line, offers little cheer to those who think parent company Trafalgar House might be tempted into further passenger shipping investment.

Although he says he expects a future for a limited number of ships like the QE2 he does not predict a major revival in passenger shipping.

The QE2, which would cost £200m to replace, may be the last of the big liners, he says.

Cunard has recently been calculating the cost of keeping the QE2 on the British register.

According to Lord Matthews, registration elsewhere would save the company £10m a year, or 13 per cent of its annual running costs.

"We have got to offer something special to cover the extra costs," he says. "And we do."

There seems little doubt that there are still enough people who agree with him to keep the QE2 in business on the Atlantic.

Passengers receive excellent food, bridge, lectures, golf tips, trap shooting, bingo, keep fit sessions, cabaret, dancing, a cinema, shops and seven bars

The party goes on for five days. It all sounds pretty tiring—but whoever heard of ship-lag?

Record 9% of world shipping tonnage idle

THE AMOUNT of idle world shipping tonnage has reached a record, and freight rates have slumped to levels not seen since early 1978, figures from the General Council of British Shipping show.

At the end of June 1982, 59.3m deadweight tons—861 ships, 9 per cent of the world fleet—were laid up compared with 55.3m the month before and 17.3m a year ago.

Most consisted of tankers—350 totalling 52.8m dwt, or 15 per cent of the international tanker fleet.

Council workers set to fight refuse service 'threat'

BY BRIAN GROOM, LABOUR STAFF

TRADE UNIONS are preparing to intensify industrial action to prevent council services in Birmingham and Liverpool going to the private sector.

They fear that jobs and levels of pay and conditions will be threatened if the trend towards "privatisation" gains momentum.

A long and violent dispute at Wandsworth, London, ended last month when the borough council won agreement from shop stewards to contract out refuse collection.

Liverpool and Birmingham are set to become the next battlegrounds over privatisation.

On Thursday there will be calls for a strike in Birmingham when 450 dustmen meet to consider a threat by the leader of the city council to sack white-collar staff who are taking industrial action.

The National and Local Government Officers' Association is blacking work on the Conservative-controlled council's plans to invite tenders from private companies next month for domestic refuse collections.

Mr Neville Bosworth, council leader, has warned staff they will be dismissed if they take industrial action after next Monday. Unions have threatened a strike by all 40,000 employees if the sackings go ahead.

"We cannot carry out our policies, unless we have our employees doing their job," Mr Bosworth said. He has summoned local union leaders to a crisis meeting on Wednesday and has asked Mr Geoffrey Drain, Nalgo general secretary, to attend.

Mr Bosworth emphasised that privatisation in an effort to cut costs was not certain. The city's environmental health department would be able to tender.

Birmingham's £10m-a-year refuse collection bill is accounted for mostly by household dustbins.

Mr Bosworth has assured staff they will not lose their jobs if their union cards are withdrawn for defying instructions to take industrial action.

This would abrogate the closed shop agreement signed by the previous Labour administration. The Conservatives, who have controlled Birmingham by a slender majority since May, have given notice that they intend to end the agreement anyway.

Unions have formed a joint committee to fight privatisation. Mr Brian Osborne, area officer of the National Union of Public Employees, said: "Birmingham is the big prize for privatisation. We shall stop them. There is no way they will get it through here."

Nalgo members at Liverpool City Council have also been instructed to black privatisation work. The city has already seen a one-day strike and an indefinite strike by 30,000 employees at the council is still threatened, after a decision was deferred last month.

The council is asking for tenders for cleaning St John's retail market in the city centre.

Tenders may be invited for street cleansing if savings cannot be agreed with manual unions. Privatisation of parts of housing management are possible, although less likely.

The council says its street cleansing is too expensive—three times as costly, for instance, as that of Labour-controlled Sheffield.

But Mr Peter Cresswell, Nalgo branch secretary at Liverpool, said: "We don't want to take them on but we are confident that if we have to, we will win."

Oil refinery workers plan fight on low pay offers

BY BRIAN GROOM, LABOUR STAFF

A "SUMMIT" meeting of shop stewards representing manual workers in all Britain's oil refineries is to draw up plans to resist low pay offers in the coming wage round.

The meeting will take place at Grangemouth, Scotland, within the next three weeks. Branch officials of the Transport and General Workers' Union there have provided the impetus for it.

Stewards were dissatisfied with the general level of 8 per cent rises in the recent pay round. They believe employers were strengthened by being able to enforce a norm established early in the round, whereas TGWU branches were weak because they tried to resist it in isolation.

Pay negotiations in refineries are conducted locally, except at Shell, where national talks cover the company's four refineries and the chemicals complex at Carrington, near Manchester.

The Shell talks, which have an October 1 settlement date, set the pace at the start of the round. Last year the company's 3,400 manual workers accepted 8 per cent against the advice of union officials.

Stewards are not disclosing their ideas for establishing a "common front" against employers but support for Shell workers to discourage them from accepting a low offer is one option.

The main difficulty faced by the TGWU is the spread of settlement dates over a period of months.

The union fears oil companies will try to push the level of settlements lower in the next round, as inflation falls. Employers have been given bargaining strength by low demand for refinery products and the threat of closures and redundancies.

This has also prompted a major round of productivity deals to improve working practices and cut manning levels in refineries.

Mobil has reached a deal with maintenance workers at Coryton, Essex, allowing for greater inter-craft flexibility, following agreement with process workers on manning changes.

Esso has signed two productivity deals at Fawley, Hants, and BP has been trying to win the agreement of process workers to demanning and efficiency measures at Grangemouth. The Advisory, Conciliation and Arbitration Service is to help resolve disagreement over this.

Right to strike 'in danger'

A BARELY NOTICED amendment to the 1982 Employment Bill may seriously threaten the right to strike, according to a confidential paper being drawn up by TUC officials.

The paper, which will eventually go before the Employment Policy and Organisation Committee of the TUC, claims that scrapping of Section 13(2) of the Trade Union and Labour Relations Act 1974 will undermine a large part of the immunity strikers now enjoy from civil action against them in the courts.

Section 13 (2), removed during the report stage in the Lords, states: "An act done by a person in contemplation or furtherance of a trade dispute is not actionable in tort on the ground only that it is an interference with the trade, business or employment of another person."

TUC officials say that the scrapping of that section will return the law to the confusion that existed before the 1906 Trades Disputes Act.

The paper says that any tort arising "only from interference" with trade will now force the Lords to reinterpret two contradictory judgements made over 80 years ago. The Allen v Flood case of 1897 was favourable to workers' rights to "interfere with trade," and the Quinn v Leathem case of 1901 was unfavourable, it says.

"At best we will be in a situation of great uncertainty following the removal of the amendment, and at worst it will directly challenge the right to strike."

The Department of Employment rejected this judgement last night as "a complete misinterpretation." It said that Section 13 (2) was "a dusty corner of the law that someone had forgotten to spring-clean."

The Department said that the crucial words "only" and "interference" meant that Section 13 (2) had only a marginal legal effect on most strikes and that it had never been used.

"A strike normally does a great deal more than interfere with trade, which is why the Section 13 (2) is such a shady and unimportant part of the law."

The basic right to strike against one's own employer would still carry immunity from civil action after the 1982 Employment Bill became law.

Pay bargaining attacked

BY OUR LABOUR STAFF

FREE COLLECTIVE bargaining was denounced yesterday as "the philosophy of the pig trough" by Mr Sid Weighell, right-wing general secretary of the National Union of Railwaymen.

Speaking to railwaymen in Sheffield, he outlined a plan to win political power for the Labour Party. At its heart was an economic proposal which included the "planned growth of incomes."

Mr Weighell also proposed massive support for the party leadership's action against the Trotskyist Militant Tendency, and reconstitution of the party's national executive.

The NUR has submitted to the forthcoming party conference a resolution calling for this. One of its effects would be to limit opportunities for left-wing MPs to get elected to the executive, but it stands little chance of being passed.

Incomes policy will be hotly debated at the TUC Congress in Brighton next month. The engineering union's construction section is calling for reaffirmation of support for free collective bargaining.

The issue may also arise over the "national economic assessment" contained in the TUC-Labour Party liaison committee's document on planning. It would cover incomes, and some suspect it to be a covert curb on wages.

Mr Weighell, a passionate supporter of incomes policy, said yesterday that "the present situation is absolutely made for the Labour Party. There are 3.8m unemployed, more than 1m have been without a job for more than a year. The CBI is in a state of near-panic about empty order books."

UK CONTRACTS

Stone supplies Iraq Railways

STONE INTERNATIONAL has won a £3.5m contract from ANF Industrie in France for more than 450 sets of dispersed rail air conditioning equipment for passenger coaches which are being supplied by ANF to Iraq State Railways.

★

BRUSH ELECTRICAL MACHINES, a Hawker Siddeley company, has received an order worth around £3m for three 109.5MW ac generators for turbine drive for the Sultanate of Oman. The order was placed by John Brown Engineering, Clydebank, who are main contractors for Rusail general utility generating station, Oman. Deliveries are to commence at the end of the year. The generators are of the air-cooled type and will be single end driven by gas turbines.

★

BOOKER AGRICULTURE INTERNATIONAL has been awarded a £1.2m contract to provide technical assistance for the Uganda coffee rehabilitation programme. Its objective is to increase coffee output by providing the requirements for production and processing, together with necessary support for governmental and co-operative services. BAI's assignment will encompass some 200,000 ha of robusta and arabica coffee and will focus on input supplies to smallholder growers, provision of spares for processing factories; transport; packaging materials; and extension and training.

★

UNDER A contract worth almost £1m, the Cheadle Heath division of FERRANTI COMPUTER SYSTEMS is to supply Reflectone Inc of the US with a computer-based acoustics simulator. The simulator, which will be incorporated into a weapon system trainer to be installed at a U.S. naval base in California, is expected to be fuly operational in 1984. Responding to commands from the trainer's host computer, which result from instructor-introduced surface ship and underwater "targets," the simulator will generate acoustic signals equivalent to those which would be received on-board a typical patrolling ASW (anti-submarine warfare) helicopter from a range of sophisticated sonabuoys.

★

THE air pollution control division of TILGHMAN WHEELABRATOR received a £500,000 order from Hartung Kuhn and Co, Dusseldorf, to design, supply, erect and commission a gas cleaning plant to operate in conjunction with a coke oven fume extraction plant which Hartung Kuhn are supplying to Hoogovens company in the Netherlands.

★

THREE ORDERS totalling nearly £300,000 have been placed with SIGMUND PULSOMETER PUMPS for pumpsets to be installed at the Barrow offshore terminal being built to service the new Morecambe Bay gas field. The largest order covers the supply of two SPP multi-stage vertical turbine pumps for fire protection duties, one driven by a diesel engine fitted with an air-start package and the other by an electric motor. SPP is a Booker McConnell company. The orders have been placed by McDermott Engineering on behalf of British Gas.

★

CARSON OFFICE FURNITURE has been awarded the £385,000 contract for office furniture for the new offices of the Rotherham Metropolitan Borough Council. The contract is for Carson Link 900 freestanding and screen-mounted systems furniture with screens and storage. An unusual feature will be special wiring carrying power from the ceilings to the screens, which are ducted for power and telecommunication wiring.

★

Horwich timber-frame builder S. WERNICK AND SONS in conjunction with the Alfred Harvey Design Group of Knowle, West Midlands, are building an extension to the Farringdon Social Club, Yardley, at a cost of £200,000.

★

ACTAIR INTERNATIONAL, Cardiff, has won two export orders together worth £330,000. The orders are for Dynaclone air filters, which have been chosen by Patterson-Zochonis, Manchester, and Comas SpA, Italy, for use in Africa. The filters have a total rated capacity of 136,000 cu metres/hr (80,000 cfm) and 60,000 cu metres/hr (35,000 cfm) respectively and will be used as part of manufacturing processes to prevent air pollution.

★

BOSTWICK DOORS (UK) the Stockport based manufacturer of all types of industrial doors, has won what is probably the largest single order for industrial doors ever placed in the world. The £1.3m contract involves over 1,100 doors for the Kuwait Warehouse Project, a futuristic warehousing schema located on two prime sites covering over 900,000 sq m in area. The contract, won in the face of fierce international competition, has been awarded in late July by the large Kuwait main contractors Ahmadiah Contracting and Trading Company.

★

Three contracts totalling just over £1m are announced by PROJECT PILOTS, of London SE19. Of similar size and where appropriate using system-building techniques, they include enlarged and renovated premises for the Zoroastrian House in London NW6 (£187,000); new chalet-style accomodation for the young mentally handicapped at Queen Mary's Hospital for Children, Carshalton (£213,000); and a new Geography/Geology block for The University of Reading (£360,000).

★

WARDPOWER, generating set division of Thos. W. Ward (Industrial Supplies), has won a £102,000 order for three 510kVA (408kW) generating sets to Saudi Arabia. The sets, powered by Dorman 12QT turbo-charged diesel engines, will supply the total power requirements of construction camps in Saudi Arabia. It will be possible to run all three machines in parallel, giving a total power output of more than 1,500kVA (1,200kW) at any one time.

★

TRANSMARK, British Rail's wholly-owned consultancy subsidiary, has won two overseas contracts. In Pakistan, a contract has been signed with the Government's Ministry of Railways to conduct a feasibility study for the high voltage electrification of the main line between Khanewal and Karachi (950 kms). This continues the first stage of 25 kV a.c. electrification from Lahore to Khanewal (280 kms) for which Transmark was project engineer between 1969 and 1971. Work will begin during September with an expected completion date in March 1983.

Transmark has also been awarded a contract by Gabon Railways (OCTRA) in connection with Phase Two of the Trans-Gabonese railway project, to study special steels for the railway.

★

FLUOR (GREAT BRITAIN) Manchester division has been awarded a contract from Abu Dhabi National Oil Company for a sulphur handling terminal to be constructed at Ruwais, United Arab Emirates. The company will perform design, engineering and managing contractor services for the project, whose value to Fluor was not disclosed. The plant will have an installed cost of about $50m (£29m) and will be capable of receiving up to 1,000 tons of sulphur a day. The sulphur will be hauled to Ruwais by truck, where storage capacity for up to 40,000 tons will be constructed. Berthing facilities to handle ships of up to 35,000 deadweight tons are also part of the project plan. The terminal is due to be commissioned in 1984.

★

Stamford-based KETTON PORTLAND CEMENT CO. has won an export order for 7,500 tonnes of cement destined for Pakistan's Tarbella Dam project.

New Zealand Railways has chosen GEC ELECTRICAL PROJECTS, of Rugby, to design, supply and commission the main generation and propulsion equipment for a new passenger/train/road vehicle ferry at present under construction at the Aalborg Vaerft A/S yard in Denmark. The craft is specifically designed to cater for the ferry route across the Cook Strait between Wellington and Picton, linking the passenger and freight rail networks of the North and South Islands. Delivery is due in the last quarter of 1983.

★

A contract worth £225,000 has been placed with BIGGS WALL & CO by the Taff division of the Welsh Water Authority for the supply of some 250 specially fabricated mild steel pipe fittings. The majority are to be supplied complete with flanges and most will be cement mortar lined and bitumen wrapped for external protection. Ranging in diameters from 450 mm to 900 mm, the fittings are required for a four-mile mains diversion scheme which the Authority is undertaking in connection with a dual carriageway construction project completing the link between Cardiff and Merthyr Tydfil.

★

Derby-based FORD & WESTON has won a contract worth £1.5m for building a central library in Beetwell Street, Chesterfield, Derbyshire. Work, due to start next month, will take two years to complete. The six-floor building will provide 3,960 square metres

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.10 The Dark Pack. 9.30 Jackanory. 9.45 Take Hart. 10.05 10.30 Why Don't You ...? 10.55 Cricket: Second Test, England v Pakistan commentary. 1.05 pm News After Noon. 1.35-1.50 Postman Pat. 3.40 Home on Sunday. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Heyyy, It's the King. 4.55 John Craven's Newsround. 5.05 Ticket to Ride 5. 5.35 The Perishers.

5.40 News.
6.00 Regional News Magazines.
6.25 Best of the West: The Wild West as it really wasn't).
6.50 Comic Roots (S) Irene Handl's London.
7.20 Doctor Who and the Monsters.
8.10 Panorama reports on an international network supplying Libya with arms.
9.00 News.
9.25 The Monday Film: "The Man Who Haunted Himself," starring Roger Moore and Hildegard Neil.
10.55 BA in Music with B. A. Robertson.
11.35 News Headlines.
11.35 Late Night in Concert.

Tonight's Choice

Early morning readers should take note that Terry Wogan is back from his hols at 7.30 am on Radio 2 today. You have been warned. . . .

Later, BBC-2 concentrates on the world of big business. At 6.20, Trevor Philpott's Inside A Multinational gives a fascinating insight into the corridors of power of British Petroleum, Britain's biggest company. This is the first of nine films looking at all aspects of BP, first shown two years ago, but well worth a repeat.

From oil to shipping at 9.30 on the same channel with Third Eye: The Wide World of Y.K. Pao. Sir Yue-Kong Pao—known to his friends as simply Y.K.—is the biggest independent shipowner in the world who also happens to own large chunks of Hong Kong. Yet in 1949, Y.K. was a penniless refugee from newly-communist China. Tonight he tells the story of his rise from rags to riches, a rise which mirrors the entrepreneurial spirit that has blossomed in South-East Asia.

But if you don't want to be a billionaire, then BBC-1 at 9.25, in The Man Who Haunted Himself, has the escapist film of the disintegration of a "staid, conservative businessman" played by Roger Moore in his pre-Bond days.

DAVID CHURCHILL

BBC 2

6.40-7.55 am Open University. 10.20-10.35 Play School. 1.35 pm Cricket: Second Test, England v Pakistan.
6.20 The Philpott File.
6.55 Six Fifty-five Special.
7.30 News Summary.
7.35 Welcome to Wodehouse.
7.50 Best of Brass.
8.25 The Paul Daniels Magic Show.
9.00 Pete Sayers Electric Music Show.
9.30 Third Eye.
10.25 Cricket: Second Test (highlights).
10.50-11.40 Newsnight.

LONDON

9.30 am Sport Billy. 9.50 The Water Crisis. 10.45 Crazy World of Sport. 11.10 Little House on the Prairie. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Under Fives. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Children of the Lotus. †2.00 Monday Matinee: "Carve Her Name With Pride," starring Virginia McKenna and Paul Scofield. 4.15 Bugs Bunny. 4.20 Bagdolly Anna. 4.30 Rowan's Report. 4.45 Watch All Night. 5.15 Diff'rent Strokes.

5.45 News.
6.00 Thames News with Rita Carter and David Bellio.
6.35 Help!: With Viv Taylor Gee.
6.45 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 A. J. Wentworth, BA.
8.30 World in Action.
9.00 Quincy, starring Jack Klugman.
10.00 News.
10.30 "Charley Varrick," starring Walter Matthau and Joe Don Baker.
12.30 am Close: Sit Up and Listen with The Reverend Peter Lewis.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

9.35 am European Folk Tales. 9.45 The Adventures of Rino. 10.15 The Galaxy Way. 11.10 North Sea Saga. 11.50 Captain Nemo. 1.20 pm Anglia News. 1.30 Monday Film Matinee: "Life Goes To The Movies." 6.00 About Anglia. 6.30 Benson. 9.00 Minder. 10.30 Indoor Bowls. 11.15 Thriller. 12.40 am Thoughts from Dunwich.

CENTRAL

9.45 am The Galway Way. 10.45 Bailey's Bird. 11.00 Vanture. 11.35 Stingray. 1.20 pm Central News. 1.30 The Monday Screen Matinee: "The Inn Of The Sixth Happiness," starring Ingrid Bergman. 5.15 Survival. 6.00 Central News. 8.00 Minder. 10.30 Contrasts. 11.00 Central News. 11.05 Lou Grant. 12.05 am Come Close.

GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Children's Morning Matinee: "Rhodes Of Africa," starring Walter Huston and Basil Sydney. 1.20 pm North News. 1.30 Monday Matinee: "The Sundowners," starring Deborah Kerr, Robert Mitchum and Peter Ustinov. 4.00 Cartoon. 5.15 The Electric Theatre Show. 6.00 Summer at Six. 6.30 Pro Celebrity Angling. 9.00 Minder. 10.30 Early Days. 12.00 North Headlines.

GRANADA

9.30 am Wonders of the Underwater World. 9.50 Sport Billy. 10.15 Untamed World. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Granada Reports. 1.30 Exchange Flags. Promenades. 2.00 About Britain. 12.30 Monday Matinee: Margaret Lockwood and Michael Redgrave in "The Lady Vanishes." 5.15 The Two Of Us. 6.00 Private Benjamin. 6.30 Granada Reports. 6.35 The Summer Show. 9.00 Strangers. 10.30 Thriller. 11.50 Superstar Profile.

HTV

9.55 am Beachcombers. 10.20 Kum Kum. 10.40 Clapperboard. 11.05 Vicky the Viking. 11.30 The Greatest Thinkers. 1.20 pm HTV News. 1.30 Monday Matinee: "The Shoes Of The Fisherman." 5.15 Mr Merlin. 6.00 HTV News. 10.30 Soap. 11.00 Police Story.

HTV Cymru/Wales—As HTV West except: 11.05-11.30 am Bailey's Bird. 12.00-12.10 pm Dacw Mam Yn Dwad. 4.20 Ar Sully. 4.45-5.15 Goals. 6.00 Y Dydd. 6.30-7.00 Report Wales. 11.00 Newsweithau Rnr Ser. 12.00-12.30 am The Amazing Years of Cinema.

SCOTTISH

10.00 am Tarzan the Impossible. 10.25 Portrait of a Village. 10.50 The Amazing Years of Cinema. 11.15 Adventures of Parsley. 11.20 Brass in Concert. 1.20 pm Scottish News. 1.30 All the Way Three. 2.00 Action and Adventure: "The Battle Of Austerlitz." 6.00 Scotland Today. 6.40 Crime Desk. 8.00 Minder. 10.30 Late Call. 10.35 Police Story.

TSW

9.35 am Sesame Street. 10.35 Story Hour. 11.25 Untamed World. 11.50 European Folk Tales. 1.20 pm TSW News Headlines. 1.30 Feature Film: "The Shoes of the Fisherman," starring Anthony Quinn. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Here's Boomer. 6.00 Today South West. 6.30 Happy Days. 9.00 Lou Grant. 10.32 TSW Late News. 10.35 Postscript. 10.40 Thriller: "Murder In Mind." 12.00 Postscript.

TVS

9.30 am 3-2-1 Contact. 10.00 Friends of Man. 10.25 Tarzan. 11.15 The Real World. 11.45 Larry The Lamb. 1.20 pm TVS News. 1.30 Entertainers. 2.00 Monday Matinee: "Young Winston," starring Simon Ward. 5.15 The Adventures of Black Beauty. 6.00 Coast To Coast. 6.30 Slapping Alive with Eddie McGee. 9.00 Minder. 10.30 Hill Street Blues. 11.30 The Jazz Series: The Ronnie Scott Quartet is joined by Buddy de Franco (clarinet) and Terry Gibbs (vibraphone). 12.00 Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Hands. 9.55 Sliding Greats (Peter Thomson). 10.20 Cartoon Time. 10.30 Bygones. 11.00 Sesame Street. 1.20 pm North East News and Lookaround. 1.30 Miracles of Mrs Lanoom. 12.30 Monday Matinee: "Very Important Person," starring James Robertson Justice and Leslie Phillips. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.02 Gambit. 6.30 Northern Life. 9.00 Minder. 10.30 North East News. 10.32 Thriller: "Death Policy."

YORKSHIRE

9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 World We Live In. 11.20 Rocket Robin Hood. 11.45 The Locomotion. 11.55 The Bubbles. 1.20 pm Calendar News. 1.30 Monday Matinee: "The Shoes of the Fisherman," starring Anthony Quinn, Laurence Olivier and Leo McKern. 5.15 The Two Of Us. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 9.00 Minder. 10.30 Brass in Concert. 11.15 Journey to the Unknown.

RADIO

(S) Stereo (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow from Margate. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Steve Wright. 4.30 Richard Skinner. 7.00 Stayin' Alive. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Folk On 2 (S). 9.00 Humphrey Lyttelton with the Best of Jazz (S). 9.55 Sports Desk. 10.00 The Law Game. 10.30 Star Sound. 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Luigi Cherubini (S). 10.00 Czech Orchestral Music (S). 10.55 The Part-Song Repertory (S). 11.25 John Field Piano Concertos (S). 1.00 pm News. 1.05 Busch Quartet. 2.00 Matinee Musicale (S). 3.00 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Music for Organ (S). 7.00 Backwards Through The Fontwise (S). 7.30 Proms from the Royal Albert Hall, part 1: Birtwistle, Mendelssohn (S). 8.35 Modern Music and Society (S). 8.55 Proms, part 2: Brahms (S). 9.35 Settling The Baroque. 10.20 Greg. 10.45 Jazz in Britain featuring Company (S). 11.15-11.18 News.

Medium Wave as VHF above except: 10.55 am-6.30 pm Cricket: Second Test —England v Pakistan.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today. 8.35 This Week On 4. 8.43 The Road To Camlann by Rosemary Sutcliff. 8.57 Weather; travel. 9.00 News. 9.05 Start The Week with John Craven (S). 10.00 News. 10.02 Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News. 10.45 On Holiday. 11.00 News. 11.03 Down Your Way visits Caws, France. 11.48 Ad Hoc Cookery. 12.0 News. 12.02 pm You and Yours. 12.7 Radio Active (S). 12.55 Weather; travel programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.30 What Shall We Tell The Children? 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Just A Minute (S). 7.00 News. 7.05 The Archers. 7.20 Start The Week with John Craven (S). 8.00 The Monday Play (S). 9.30 Kaleidoscope: Australian Cinema. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book At Bedtime.

BUSINESS LAW

Weak spots in German investment law

BY A. H. HERMANN, Legal Correspondent

THOSE WHO, through negligence or malice, fail to give a fair and true view of a company's health and prospects to those buying its shares may have to pay for it: but sometimes they can also get away with it, as evident from two judgments* handed down in Karlsruhe last month.

The Federal Supreme Court expressed doubts about the effectiveness of the law as it now stands and suggested that an improvement of investor protection might be desirable.

The case concerned BuM, an ailing building construction enterprise which the Westdeutsche Landesbank, together with other banks, tried to rescue with a DM 100m long-term credit guaranteed to 70 per cent by the Government. The bank was also a shareholder in the failing company. A member of its management board was deputy chairman of the company's supervisory board. As the auditors were unwilling to pass the accounts without an assurance that the company's own capital would be increased, the Government's guarantee stipulated as a condition an increase in capital by the issue of new shares. The new issue was approved at a general meeting on September 4 1978, and the company's own capital was restructured with retroactive effect to December 31 1977. A bridging loan obtained earlier from other banks made the accounts for 1977 look quite good.

One unhappy shareholder who bought new shares in the company which later became insolvent, sued the bank claiming that he was misled by the prospectus published by the bank together with five other banks which formed a consortium under the Landesbank's leadership.

The court of the first instance rejected the shareholder's claim, and this was confirmed by the appeal court which held that the bank was guilty neither of gross negligence nor of maliciously suppressing essential facts, and that the prospectus contained neither incorrect data nor omitted to disclose facts required by law. The Federal Supreme Court would not have it. It held that it was not enough if all the details of the prospectus were correct.

German banks are liable if a prospectus, while true in detail, conveys an over-optimistic message—but only to investors who bought new shares after its publication

The overall picture created by the prospectus must also be true. Although a careful reading by an investor with average experience could have revealed that only exceptional adjustments of accounts at the end of 1977 enabled the enterprise to survive, the prospectus itself did not make it sufficiently clear that the offered shares were a risky and speculative investment. On the contrary, the prospectus created the impression that the difficulties were only temporary and that a gradual improvement in the long term could be expected.

The bank argued that it could not be expected to condemn the issue as unworthy as it was its duty to secure its placing on the market. Moreover, it said, that the language used disclosed the true picture in financial circles. Thus, for example, when it stated that the results of the company would improve in 1978 compared with 1977, this should have been correctly read as expectation not of profits but of smaller losses.

The Federal Supreme Court rejected these arguments. The deciding factor was not grammatical analysis of the text but the impression which it made on an investor who was not necessarily familiar with the idioms of the banking world.

The accounts were balanced with the help of a number of, at least questionable, window dressing devices. The company had recorded losses since 1974 and its difficulties were structural. Although it was not the bank's business to correct the accounts, it was its duty to interpret them correctly for the benefit of potential investors. The case was remitted to the appeal court, which will have to take into account that the shareholder is entitled to compensation only if it can be established that he bought the shares after the publication of the prospectus.

The second judgment, handed down simultaneously, concerned a similar claim against the Landesbank by a group of shareholders who bought the BuM shares before the publication of the prospectus. They claimed that a press announcement on October 10, 1978 was sufficient encouragement to invest to establish the bank's liability.

The Federal Supreme Court said that a legal requirement that such an offer published in the press should contain enough information about the state of the company deserved to be considered by legislators. The law, however, now requires the issue of a prospectus only in connection with the admittance of the shares to the Stock Exchange and not in connection with the offer of a new issue, the court said. The existing protection of the investor may also appear unsatisfactory because the expectations created by a prospectus cannot form the basis of claims by those who bought old shares. It was difficult to prove whether the plaintiffs bought old or new shares, but their claims had to be rejected in any case.

The shareholders were also not helped by the allegation that the second defendant, who represented the bank on the supervisory board of BuM, "promoted and allowed" untrue statements concerning the company's liquidity made by the board at a general meeting in 1978. The plaintiffs decided to buy the shares only several months later and the court did not see any causal connection between the statement on the company's liquidity and the investment decision. There was also no connection between the investment decision and the allegedly fraudulent action taken by the bank in relation to the government credit guarantee.

The appeal court was wrong, said the Federal Supreme Court, when it held that the damage did not arise at the time the shares were bought but only later when their Stock Exchange notation fell. It was not the Stock Exchange rating but the real value of the enterprise which was decisive. This was of no help to shareholders who bought before they had received the prospectus.

*BGH, Case II ZR 175/81, July 12, 1982; BGH, Case II ZR 172/81, July 12, 1982.

RACING

DOMINIC WIGAN

LESTER PIGGOTT, whose 4,000th success in this country came, suitably enough, with his favourite ally, Ardross, at Newbury on Saturday, must be looking forward to the next few days on York's Knavesmire with more than a little relish.

The ten-times champion, who is likely to retire at the end of next season, has some likely looking mounts at his favourite course in a three-day meeting.

At present, it is not Piggott's Ebor Handicap ride, the favourite Military Band, who is the centre of betting business for the meeting, but, surprisingly, his Benson and Hedges mount, Mr Fluorocarbon. There is every confidence at Warren Place that he will inflict another defeat on the Irish colt, Assert.

Mr Fluorocarbon, a 5-2 chance when prices were first issued for tomorrow's £100,000 tobacco prize is now quoted at 2-1, while backing for the even-money favourite, Assert, remains light.

It is likely that Piggott will attempt to lie on the heels of Assert and Pat Eddery before switching to the outside in the final furlong.

The Benson and Hedges Gold Cup has seen some remarkable turn-ups since its first running in 1972, but no one could seriously entertain opposing both Assert and Mr Fluorocarbon. One intended runner who will be missing from the line-up is the 1,000 Guineas winner, Time Charter who has a dirty nose and is suffering a cold.

WINDSOR
2.45—Sparks
3.45—Expletive*
4.15—Zimbabwe*

LEICESTER
6.40—Fitzpatrick***
8.05—Vox

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Protecting painfully won markets

Stewart Fleming concludes an examination of West Germany's Nixdorf Computer

WITH its plans to make a determined attack on the "office of the future" market, Nixdorf Computer, the family owned German company controlled by Heinz Nixdorf, is accepting another daunting challenge. Already some critics of the company are suggesting that this time the ambitious and proud Nixdorf is finally taking one gamble too many and that the company is simply too small, with sales of only DM 2bn (£479m) to tackle the giants of the world data processing and telecommunications industries.

Such critics do of course have a point. After all, unlike the early years of Nixdorf's growth when the company carved out a market for itself in the field of distributed data processing, which the big computer companies had overlooked, this time virtually all the world's electronics giants are also setting their sights on the "office of the future."

Given the markets it is strong in, particularly the banking and financial sectors, it has to be said that Nixdorf has little choice but to move ahead into offering a broadly based palette of data processing and office communications equipment.

If it does not take this step it will simply leave these painfully won markets open to bigger competitors. Indeed the fact that the company already has a strong base in these sectors is one of its greatest strengths.

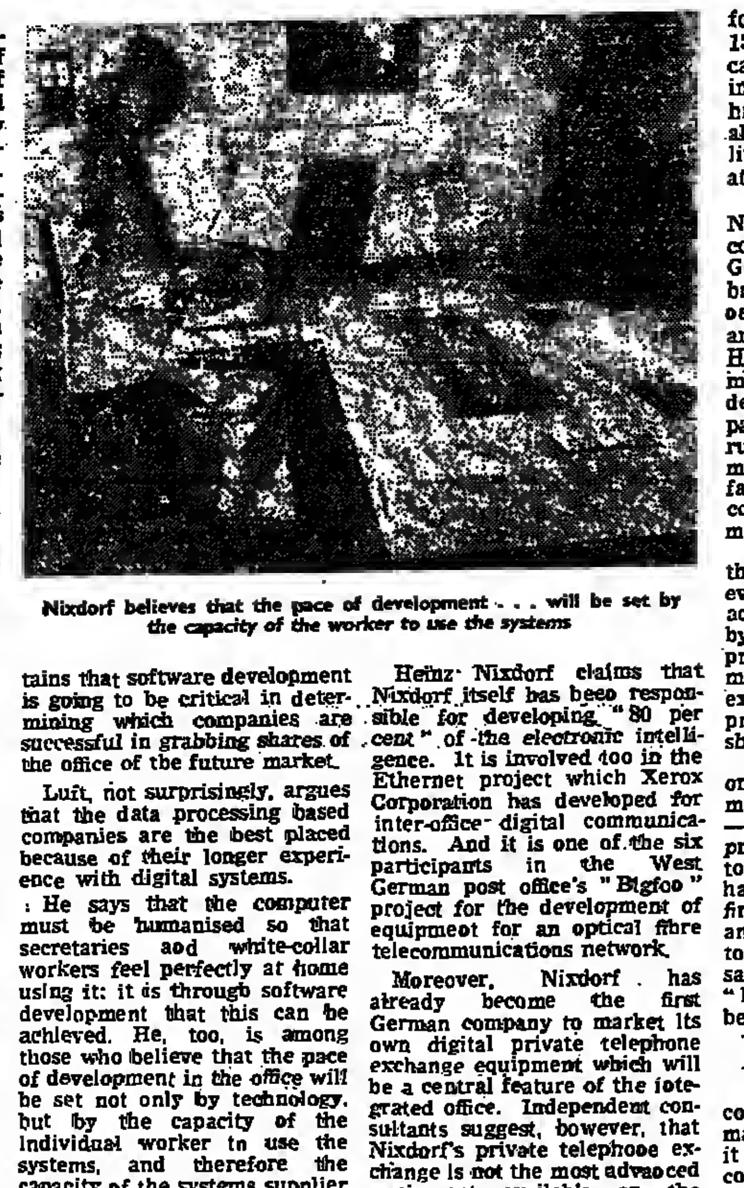
As Nixdorf himself points out the company envisages selling much of the new products it will be offering to existing customers. "We will be supplying 95 per cent to our existing customer base and only 5 per cent will be to new markets," he says. There is, too, a clear vein of realism evident in the company's planning for the future. Co-operation agreements with other companies are already playing a bigger role in Nixdorf's business.

Thus, according to Klaus Luft, the deputy chief executive, Nixdorf does not see the necessity (and it would find it prohibitively expensive) of trying to establish a basic research capacity in the field of micro electronics and integrated circuits. "We have the relationships, with Ferranti for example, for gate arrays, and we are getting the tools so we can use them early enough."

On the other hand Luft maintains that software development is going to be critical in determining which companies are successful in grabbing shares of the office of the future market.

Luft, not surprisingly, argues that the data processing based companies are the best placed because of their longer experience with digital systems.

He says that the computer must be humanised so that secretaries and white-collar workers feel perfectly at home using it: it is through software development that this can be achieved. He, too, is among those who believe that the pace of development in the office will be set not only by technology, but by the capacity of the individual worker to use the systems, and therefore the capacity of the systems supplier to design equipment which is reasonably simple to use. "The question is not whether it can be done technologically: it can. Rather it is whether it can be used," he says.



Nixdorf believes that the pace of development . . . will be set by the capacity of the worker to use the systems

Co-operation

But it is not just in areas of software research that Nixdorf is already preparing itself to supply office systems. Luft himself concedes that a company Nixdorf's size cannot hope to do everything alone. Thus it has, for example, been co-operating with a Japanese manufacturer in the design of an "intelligent" facsimile machine.

Heinz Nixdorf claims that Nixdorf itself has been responsible for developing "80 per cent" of the electronic intelligence. It is involved too in the Ethernet project which Xerox Corporation has developed for inter-office digital communications. And it is one of the six participants in the West German post office's "Bigfon" project for the development of equipment for an optical fibre telecommunications network.

Moreover, Nixdorf has already become the first German company to market its own digital private telephone exchange equipment which will be a central feature of the integrated office. Independent consultants suggest, however, that Nixdorf's private telephone exchange is not the most advanced equipment available on the market.

The implication is clear. If the company wants to carry on being a leading competitor in the small business systems and distributed information systems for big institutions such as banks it must compete in the new office equipment markets, even though this promises to be a major challenge to its financial, technical and managerial resources.

It does not take much imagination to appreciate that a company like Nixdorf that has been developing new products, increasing its sales by well over 25 per cent a year for three decades, that has almost doubled its worldwide workforce in the past five years to 15,000 and has increased its capital investment from DM 50m in 1977 to DM 250m last year, has to be pretty concerned about its financing, its profitability and its management information systems.

This is doubly the case for Nixdorf, since it is a private company without a quotation on Germany's sickly stock market but one with a worldwide business, a majority of whose shares are owned by one man. Had Heinz Nixdorf not adjusted his management style and learnt to delegate authority, the company would some time ago have run into the problems faced by many fast growing German family firms, of becoming too complex for the founder to manage.

Penetrating the financing of the company is far from easy, even though Nixdorf Computer's accounts are quite informative by the standards of other private, even some public, German companies. It was, for example, only in 1979 that it provided a consolidated balance sheet worldwide.

The biggest problem is the one common to the vast majority of German companies —namely that instead of net profit being the residual "bottom line" after costs and taxes have been deducted, German firms start building their profit and loss account from the bottom up not from the top—from sales revenues—down. The "bottom line" in a sense becomes the top line.

Dividend

As Klaus Luft explains it, the company, like most large German concerns, bases the figure it discloses for net profit to a considerable extent on what it intends to pay as a dividend, and then works backwards. For example, once it has decided to pay DM 20m in dividend, its traditional goal of covering the dividend twice with disclosed earnings determines a disclosed net income figure of around DM 40m.

The pace of the company's growth in the past three or four years, however, has been such that it has not been able to generate internally all the funds it needs. Heavy investment in training people and equipment, and in R and D (R and D expenditure has doubled from DM 75m in 1977 to over DM 150m last year) has been a heavy burden on the company, although Klaus Luft stresses that the outgoings were planned.

Nevertheless, over this period the company has had two injections of new equity capital from a most unusual source, the Deutsche Bank. West Germany's biggest bank. German banks do not normally provide equity for their customers, only loans. Indeed the lack of external sources of equity capital is a major problem for the German economy at a time of low profits and economic recession.

Moreover, when Deutsche pumped the first new equity tranche into Nixdorf, political pressures were mounting for German banks to dispose of their big industrial shareholdings — not to acquire new ones.

That was in 1979 when Nixdorf was approached by Volkswagen, which was seeking to diversify into the data processing market. (VW later bought Triumph-Adler and is now in the midst of a battle to make that company profitable and to modernise its product line).

Nixdorf rejected the Volkswagen move—which would probably have brought in around DM 600m of new equity—because Heinz Nixdorf was not prepared to surrender majority control to the big motor concern. Instead he sold 25 per cent of the equity of the company for around DM 200m to Deutsche Bank at a price of DM 275 a share. The money was used to enlarge equity capital.

Then last year as short- and long-term debt rose to DM 1bn from DM 1.2bo in 1979, a further DM 66bo of new equity was added through a rights issue, at DM 165 a share, and debt was restructured to raise the proportion of (floating rate) long-term loans to DM 354m. This cut short-term debt, a move which it is hoped will help reduce the heavy burden of interest charges.

Although Nixdorf himself recognised early on the need for effective financial controls in the company, there can be no doubt that having Deutsche Bank as a major shareholder, not just to provide money, but also to advise, guide and if necessary restrain the company, is a luxury which some other German entrepreneurs must envy.

Heinz Nixdorf

A fanatic and a pragmatist

"HE IS not like the typical rich man. He is tough and he is critical, but he still lives very simply. And the company itself is still the best sort of family owned company — one where the family is dedicated to the business but, apart from Nixdorf himself, is not involved in running it."

That is the measured judgment of one close acquaintance of Heinz Nixdorf, the 57 year old physicist and businessman who, during the past thirty years, has created one of the most remarkable companies in Europe, Nixdorf Computer of West Germany, which is 70 per cent controlled by Nixdorf himself — a stake worth over DM500m (£120m) in all probability.

This description of Nixdorf captures some of the facets of the man but falls short of describing the mixture of fanaticism and pragmatism, of personal modesty coupled with immense pride and self-confidence, contained within the wiry frame of the energetic entrepreneur.

The interplay of these conflicting personality traits surfaces in public in a myriad of ways, some of which seem to present a picture of a cantankerous eccentric or a social rebel.

Encourage

For instance, the Nixdorf who grew up in the relatively small rural Roman Catholic town of Paderborn (population today 120,000) is the man who two years ago decided to give female employees of the firm gifts on the birth of a child. The aim is to encourage motherhood in a country which has a low birthrate. But Nixdorf, defying social norms decided to give married mothers DM 500 on the birth of each child, and unmarried mothers twice as much.

And in a country where academic achievement is still widely venerated even professors do not escape the scorn of the down to earth pragmatist in Nixdorf's makeup. He is openly scornful of teachers who lack a base of practical experience. This helps to explain why the company he owns runs its own apprentice school where Nixdorf is able to give young trainees a practically orientated educational basis.

Nixdorf is proud, too, for the fact that he has so many apprentices in his firm—around 1,000—a commitment of time and effort he is not obliged to make, but believes in passionately. "The strength of our economy is training," he says, recounting how for hundreds of years Germany has had a deeply embedded apprentice system.

"Prepare yourselves for a surprise," he says, opening a door in the newly-constructed building, and there is an indoor soccer field. "This is a revolution," he says, pointing at the apprentices, who are playing soccer in working hours. "I wish I could do it for all our workers but we cannot afford it," he says, adding that he believes people should play sport four times a week. He gives his apprentices the chance partly because he does not believe that they should be disadvantaged in relation, say, to young people who go to university.

Nixdorf is the oldest of five children. His father was a railway clerk who died during the war. His mother, he says proudly, is 81 and still alive. His home town is Paderborn just outside the Ruhr. Although he left it to go to university in Frankfurt, he did not complete his studies but founded his business instead. The talented young mathematician and physicist returned to work in his home town, as many Germans do.

Although Nixdorf Computer is the biggest employer there, with a multi-storey headquarters and a huge factory, Nixdorf does not live extravagantly. He still drives an old rotary-engined Ro 80 car which has become something of a symbol of his modest living standards, and socialises with old friends in the town.

Only 12 per cent of the company's workforce is unionised, and representatives of the big metal workers trade union, I G Metall describe Nixdorf as typical of the paternalistic medium-sized employer-entrepreneur. He treats his employees well, which is one reason why I G Metall has made such little progress with unionisation.

His success as an entrepreneur owes much to his determined rejection of "conventional wisdom." In the past it was of course partly his decision to resist the heart of centralising computer power in ever bigger installations and his commitment to distributed data processing, which, along with his own talent as a developer of electronic calculating machines, helped to account for the company's success.

Today he puts immense emphasis on the "mechanical" elements in his products— again moving against the "conventional wisdom" which he has become dazzled with the miracles of microelectronics. "The head of this printer moves up and down 1,500 times a minute," he says, adding "It's mechanical."

"The heart of this company is electronic, but electronics account for only 2½ per cent of sales value—for every DM 40 in sales we buy DM 1 in electronic goods; in production time output is 95 per cent is 5 per cent mechanical."

Critical

His determination to retain control of the company he has built up reflects the self-made man's powerful belief that he knows best how to run it and where it should go. Associates say he has often taken critical strategic decisions alone, such as, for example, the decision in the mid-1960s to set up a comprehensive sales and service network.

Heinz Nixdorf himself is obviously dying to prove again that he can confound the critics and at the same time demonstrate what he sees as the basic strengths of German business. The man who in a decade has turned himself into a top level yachtsman and dreams one day of perhaps challenging for the Americas Cup does not mind seeing the odds stacked against him. They have been that way for much of his life.

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هكذا من الأصل

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FINANCIAL TIMES

Eurobond Quotations and Yields

AIBD The Association of International Bond Dealers

at 31st July 1982

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues. These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled for quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers *scattered across the world's* major financial centres.

Membership of the AIBD (which was established in 1969) comprises over 600 institutions from about 32 countries.

Eurobonds in July

BY OUR EUROMARKETS STAFF

TWO fixed-interest Eurodollar bonds were launched at the beginning of July, for BC Hydro, and France's Caisse Centrale de Co-operation Economique. These were the first such issues the market had seen for almost two weeks, following the June "shake-out."

The market's brief attempts at a rally towards the end of June and beginning of July never really took off, but despite this, UBS Securities launched a $100m 10-year issue for the EIB on July 6. This bond was priced to yield 15.65 per cent, and although the market thought it was somewhat aggressively priced and badly timed, a second $100m tranche was launched exactly a week later.

On July 7 the prediction by Continental Illinois of its losses relating to the closure of the Penn Square Bank of Oklahoma resulted in a dramatic markdown of North American bank bonds in the Eurodollar market. The following day there was a temporary suspension of trading in Continental Illinois paper, and similarly with Canadian Imperial Bank of Commerce (CIBC) bonds on July 9. It was soon obvious, however, that the market had overreacted, and there was some limited buying again late on the ninth.

Also in this sector, it was learned half-way through the month that the Japanese Ministry of Finance had authorised four Japanese banks to issue fixed-interest Eurodollar bonds. As a consequence, Sumitomo Bank, the Nippon Credit Bank and the Long Term Credit Bank of Japan came to the market in July.

Following the decline in Eurodollar interest rates, the second half of the month saw a heavy $1.6bn of new issues in this sector. The World Bank led the flood of new borrowers with a $400m two-tranche issue involving the swapping of the dollar proceeds into Swiss franc liabilities. Both tranches carried a 15 per cent coupon.

Launched at the same time was a $50m 15-year convertible issue for Southern California Edison, notable for being the first convertible issue for a U.S. utility.

A large amount of Canadian paper appeared towards the end of July. Bonds were launched for the provinces of New Brunswick, Newfoundland and Nova Scotia, in addition to a $75m issue for Canadian Pacific Securities, a $150m deal for Ontario Hydro, and a $75m issue for Alcan. This heavy volume of new paper proved too much for the market at a time when there was serious concern about the economy there, and most of the issues sold slowly.

As the month closed IBM, a top quality and rare borrower, came to the Eurodollar sector. A $100m five-year bond-plus-warrant deal was arranged by Morgan Guaranty, CSFB and Salomon Bros., and offered a yield just below the equivalent U.S. Treasury bond. Despite this aggressive pricing, the IBM bond sold quickly, showing the market's increasing preference for first-class names.

In the Eurosterling sector the Bank of England announced in July that in future issuers of Eurosterling bonds would have to seek its consent over the timing of their issues in order not to disturb the domestic market.

During July Tenneco, the U.S. diversified industrial group, and the Province of Quebec both came to the Eurosterling sector to raise £30m each. In addition, a £100m "bulldog" bond (a bond issued in the domestic UK market for a foreign entity) was also arranged for Australia by SG Warburg.

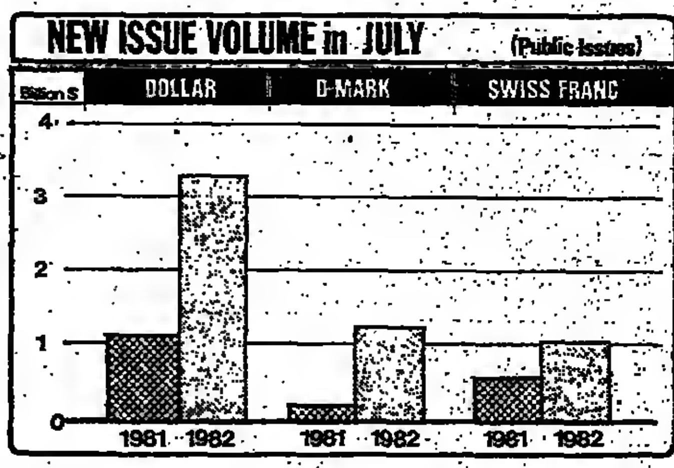
In West Germany prices over the month were up about 1 point as six-month Euro-DM rates fell about ½ per cent. The West German Subcommittee on Capital Markets met at the beginning of July and decided to allow only those borrowers who had been on the previous calendar (halted in June as the market deteriorated) to bring issues within the next fortnight.

The next meeting of the subcommittee, half-way through the month, set a new calendar containing some 13 names and DM 1.375bn of new paper.

In the Swiss franc foreign bond sector Natomas, the U.S. energy company, launched the first eight-year public bond issue seen in this market, following relaxations by the Swiss National Bank. Led by SBC, this SwFr 75m bond bore a 7¼ per cent coupon, priced to yield 7.586 per cent.

As the month closed an unusual SwFr 100m 12-year issue for Transamerica Corporation was arranged by SBC. This bond was dollar linked, and provided a currency hedge by paying interest in Swiss francs and the capital in dollars.

This sector continued to perform well in July, with a large number of new issues, and prices rose almost two points on the month, as Swiss franc six-month interest rates fell from a high 6 per cent at the beginning of July, to 5¼ per cent at its close.



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The table of quotations and yields gives the latest rates available on July 31st, 1982.

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COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY DATASTREAM INTERNATIONAL LTD

Amount issued / outstanding ($m)	Year of issue / Issue price	Borrower / Coupon / Maturity	Price	Yield to maturity / to average life	Current yield
		US DOLLARS-ALGERIA			
25 / 9.4	1972 / 98.00	BQE EXT D'ALGERIE 8.75 1/ 8/1984	94	19.09 / 29.40	10.32
25	1977 / 100.00	BQE EXT D'ALGERIE 9.00 15/ 2/1982	97		9.28
		US DOLLARS-ARGENTINA			
50	1979 / 98.50	ARGENTINE REPUBLIC 9.875 1/ 8/1984	84 1/8	20.29	11.74
		US DOLLARS-AUSTRALIA			
30 / 1.7	1963 / 97.50	AUSTRALIA,COMMONWEALTH 5.00 1/ 4/1983 S	94 3/8	14.54 / 10.24	5.17
25 / .7	1962 / 99.00	AUSTRALIA,COMMONWEALTH 5.50 1/10/1982 S	98 1/8	17.76	5.68
25 / 4.2	1965 / 93.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 5/1985 S	82 3/8	13.60 / 15.13	6.79
25 / 5.9	1965 / 99.75	AUSTRALIA,COMMONWEALTH 5.75 1/11/1985 S	81 1/2	11.30 / 13.37	7.18
100	1977 / 100.00	AUSTRALIA,COMMONWEALTH 7.50 1/ 2/198[illegible]	91 3/4	15.43	8.36
125	1976 / 99.50	AUSTRALIA,COMMONWEALTH 8.125 15/11/1983 S	93 1/8	14.36	8.59
120	1976 / 100.00	AUSTRALIA,COMMONWEALTH 8.75 1/10/1985	91 3/8	14.48	[illegible]
125	1977 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/12/1984 S	88 1/2	14.61	9.34
150 / 150.0	1977 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/ 9/1992	76 7/8	12.33 / 14.19	10.71
175	1978 / 100.00	AUSTRALIA,COMMONWEALTH 8.45 1/ 6/1993 S	95 1/4	15.18	9.07
120	1978 / 100.00	AUSTRALIA,COMMONWEALTH 9.50 1/10/1986	85 7/8	11.09	9.39
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-AUSTRALIA (CONTINUED)			
50	1981* / 99.25	WMC FIN 15.50 15/12/1988	97 1/4	16.15	15.94
		US DOLLARS-AUSTRIA			
15 / 2.4	1965 / 99.00	AUSTRIA,REPUBLIC OF 6.00 31/ 1/1984 S	91 7/8	12.15 / 13.59	6.64
50	1971 / 100.00	AUSTRIA,REPUBLIC OF 7.50 15/ 7/1986 S	89 3/4	14.44	8.68
90 / 50.0	1977 / 100.00	AUSTRIA,REPUBLIC OF 8.625 15/ 7/1992 S	74	15.98 / 16.57	12.00
50 / 37.0	1976 / 100.00	AUSTRIA,REPUBLIC OF 8.75 15/ 9/1990	74 7/8	14.19 / 14.69	11.69
75	1982* / 99.50	AUSTRIA,REPUBLIC OF 15.50 16/ 3/1988	100 3/4	15.22	15.38
15 / 3.3	1965 / 97.00	ALPINE MONTAN STEEL 5.75 15/ 6/1985	82 1/4	13.90 / 17.41	6.99
15 / 3.6	1966 / 95.50	AUSTRIAN ELECTRICITY 6.625 1/ 7/1986 S	97 1/2	7.30 / 7.93	6.91
15 / 1.5	1967 / 99.50	AUSTRIAN ELECTRICITY 6.75 1/10/1982 S	98 1/8	19.11	7.00
75	1982* / 100.00	CREDITANSTALT BANKVEREIN 15.50 29/ 7/1990	99	15.96	15.61
50	1977 / 100.31	OSTERREICHE KONTROLLBANK 7.50 1/10/1992	98 1/4	18.22	7.63
150	1980 / 93.51	OSTERREICHE POSTSPARKASSE 10.00 15/ 7/1985	88 1/2	15.09	11.30
10 / 27.0	1977 / 100.50	TAUERNAUTOBAHN 8.25 15/ 3/1987	80 5/8	14.23 / 15.83	10.23
		US DOLLARS-BELGIUM			
75 / 75.0	1973 / 100.00	HAFINA B.V. 4.50 1/ 7/1988 WW	68 1/2	12.29 / 17.12	6.57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Issued (mill) / Year of issue / Issue price	Borrower / Coupon Maturity	Price	Yield to maturity / to aver. life	Current yield
	US DOLLARS—DENMARK (CONTINUED)			
30 / 1977 / 100.00	PRIVATBANKEN 0.00 15/ 4/1984	00 1/4	10.34	8.07
90 16.8 / 1973 / 100.00	F L SMIDTH 9.50 1/ 7/1988 9	75	16.88 21.62	13.07
	US DOLLARS—FINLAND			
100 / 1978 / 99.40	FINLAND, REPUBLIC OF 6.71 15/ 6/1983 S	98 1/8	19.76	9.44
50 30.6 / 1977 / 99.35	FINLAND, REPUBLIC OF 8.75 15/10/1992 S	71 1/4	14.52 17.27	12.57
100 / 1970 / 99.63	FINLAND, REPUBLIC OF 9.00 19/ 9/1986 S	76 5/8	15.51	12.09
100 / 1979 / 99.50	FINLAND, REPUBLIC OF 9.50 15/ 3/1986	63 3/4	15.65	11.34
100 / 1979 / 100.00	FINLAND, REPUBLIC OF 9.021 1/ 7/1989 S	76 1/2	15.91	12.98
100 / 1981* / 100.00	FINLAND, REPUBLIC OF 14.75 15/11/1986 S	96 1/4	16.60	15.91
75 / 1982* / 99.75	FINLAND, REPUBLIC OF 15.25 1/ 9/1987	99 1/2	15.33	15.33
30 / 1971 / 100.00	ENSO-GUTZEIT 3.21 15/ 2/1986	90 1/4	15.74	3.14
30 / 1980 / 100.00	FINNISH EXPORT CREDIT 10.50 1/ 7/1985	87 3/8	16.24	11.02
30 / 1981* / 99.00	FINNISH EXPORT CREDIT 14.75 1/17/1986	95 1/4	16.28	15.49
15 3.0 / 1971 / 99.50	FINNISH MUNICIPAL LOAN 8.25 11/ 3/1987	78 3/8	15.01 18.86	10.51
15 11.2 / 1974 / 98.00	FINNISH MUNICIPAL LOAN 8.75 1/ 5/1989	73 1/2	15.45 17.56	11.90

Issued (mill) / Year of issue / Issue price	Borrower / Coupon Maturity	Price	Yield to maturity / to aver. life	Current yield
	US DOLLARS—FRANCE (CONTINUED)			
80 / 1985 / 100.00	GAZ DE FRANCE 13.50 15/ 1/1986	96 1/4	14.87	14.03
40 40.0 / 1981 / 99.00	LAFARGE COPPEE 19.50 15/ 4/1989 G	96 1/2	17.03 17.32	16.72
20 3.0 / 1971 / 100.00	LE NICKEL 9.80 15/ 5/1986	80	19.46 20.97	11.25
20 6.8 / 1974 / 98.00	MARSEILLE, CITY OF 10.25 19/12/1986	30	17.97 18.57	12.01
50 40.0 / 1971 / 98.50	MICHELIN 7.50 15/ 2/1988	69	14.39 17.55	10.87
75 00.0 / 1976 / 100.50	MICHELIN 9.25 15/ 3/1986	83 7/8	15.31 15.69	11.03
60 / 1976 / 99.75	MICHELIN O'SEAS 8.50 15/ 9/1983	93 3/8	15.28	9.10
60 40.0 / 1976 / 99.25	MICHELIN O'SEAS 9.25 15/ 9/1980	74	16.24 17.23	12.33
125 125.0 / 1979 / 99.25	MICHELIN 10.00 17/ 4/1994	69 1/2	15.91 19.92	14.38
40 / 1975 / 98.75	NATIONALE DE L'ENERGIE 9.25 30/ 5/1985	87 3/8	15.14	10.59
100 / 1981 / 100.00	NATIONALE DE L'ENERGIE 12.35 30/ 1/1991	85 1/8	15.05	14.31
30 30.0 / 1976 / 100.00	NATIONALE DES AUTO P 8.58 15/11/1988	83	13.99 16.13	10.24
75 / 1976 / 100.00	NATIONALE DES AUTOROUTES 9.00 7/ 5/1986	83 5/8	14.99	10.76
50 50.0 / 1977 / 99.75	NATIONALE DES AUTOROUTES 9.125 15/ 3/1997 S	68 1/2	14.93 17.11	13.76
50 50.0 / 1976 / 100.00	NATIONALE DES AUTOROUTES 8.15 9/ 9/1991	78	13.50 16.43	11.00

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US DOLLARS-UNITED STATES (CONTINUED)

Issued/ Amt. O/S (mn)	Year of issue/ Issue price	Borrower/ Coupon/Maturity	Price	Yield to maturity/ to aver. life	Current yield
100 / 32.0	1977 / 100.80	R.J.REYNOLDS OVERSEAS 1.50 18/11/1982	96 1/2	20.11	7.77
20 / 6.5	1970 / 99.75	RICHARDSON-MERRELL 0.75 15/12/1985	87 3/4	13.45 / 16.52	9.97
30 / 21.5	1976 / 100.50	SANTA FE INT FIN 9.50 15/ 7/1986	80 1/4	18.70 / 16.95	11.84
20 / 7.9	1911 / 98.30	SCOTT PAPER O/S 9.75 1/ 7/1996	84 1/2	14.14 / 16.42	10.36
100	1982* / 100.00	SEARS O/S FIN 13.875 15/ 5/1988	99 1/4	14.03	13.98
100	1982* / 100.00	SEARS O/S FIN 13.875 15/ 5/1989	96 1/8	14.88	14.43
50	1981 / 98.50	SOUTH CALIFORNIA EDISON 14.00 1/ 4/1987	93 3/4	16.32	14.18
50	1981 / 99.25	SOUTH CALIFORNIA EDISON 14.75 1/ 1/1988	102 1/8	14.18	14.44
75	1982* / 100.00	SOUTH CALIFORNIA EDISON 15.00 1/ 5/1989	101 3/4	14.53	14.74
75	1981* / 100.00	SOUTH CALIFORNIA EDISON 16.75 15/11/1986	106 5/8	14.49	15.71
60	1982* / 99.50	SOUTH CAROLINA [illegible] 15.50 15/ 4/1989	98 1/8	15.92	15.80
35 / 25.8	1973 / 100.00	STANDARD OIL OF INDIANA 6.375 1/12/1988	81 1/8	12.68 / 14.27	10.32
30 / 24.0	1973 / 97.50	STANDARD OIL OF INDIANA 8.50 15/ 8/1988	81 3/8	13.15 / 14.74	10.45
25 / 28.0	1977 / 99.50	SUNDSTRAND 715 INT 0.75 1/ 6/1987	73 1/2	17.23	11.90
20 / 5.0	1976 / 99.00	SUNDSTRAND FIN INT 9.75 15/ 2/1983	95	19.91	10.26
125	1982* / 100.00	SUPERIOR O/S FIN 14.00 1/ 6/1989	97 5/8	14.55	14.34
15 / 9.6	1972 / 98.00	SYBRON O/S CAP 8.00 1/ 3/1987	78 1/2	14.73 / 16.00	10.19
35 / 15.0	1968 / 100.00	TELEDYNE INT 6.50 1/10/1983	87 3/4	19.07 / 29.31	7.41
30 / 23.0	1972 / 98.00	TENNECO INT 1.75 1/11/1987	77 5/8	14.02 / 16.51	9.98
100	1977 / 99.50	TENNECO INTL 7.75 15/ 5/1987	78 3/8	14.26	9.89
100	1981* / 99.50	TENNECO INT 17.00 1/10/1989	105 3/8	15.60	16.09
60	1982* / 100.00	TEXAS EASTERN FIN 15.75 1/ 6/1988	100 3/4	15.53	15.63
75	1981* / 100.00	TEXAS EASTERN FIN 15.875 15/12/1988	100 1/2	15.67	15.80
30 / 25.2	1972 / 100.25	TEXTRON INT 1.15 1/10/1987	79 1/2	13.49 / 16.53	9.25
40 / 37.3	1980 / 99.80	TRAILER TRAIN FINANCE 13.25 1/11/1992	87 5/8	15.72 / 16.31	15.12
75	1981* / 72.00	TRANSAMERICA FIN CORP 7.00 3/ 9/1986	73 5/8	16.31	9.51
75	1981* / 72.00	TRANSAMERICA FIN CORP 7.00 3/ 9/1996	73 5/8	16.31	9.51
20 / 10.0	1972 / 100.00	TRANSAMERICA O/S FIN 8.50 1/12/1986	82 1/4	14.22 / 17.03	10.33
50	1980 / 99.15	TRANSAMERICA FIN CORP 12.375 15/10/1983	97 1/4	14.88	12.72
50	1982* / 100.00	TRANSCO INT NV 15.25 15/ 4/1987	97 3/4	15.89	15.60
50	1982* / 100.00	TRANSCO INT NV 15.25 15/ 4/1987	94	17.12	15.22
50	1981* / 100.00	TRANSCO INT 16.25 1/11/1988	96	17.26	16.93
40 / 23.7	1971 / 100.00	TRANSOCEAN GULF OIL 7.50 1/ 1/1987	80	17.80 / 15.08	9.38
30 / 12.0	1963 / 88.00	TRANSOCEAN GULF OIL 8.00 1/12/1984	89	13.76 / 15.64	8.99
30 / 14.6	1971 / 81.50	TRANSOCEAN GULF OIL 8.00 1/ 3/1986	85 5/8	11.25 / 15.00	9.34
20 / 7.5	1970 / 100.00	TRANSOCEAN GULF OIL 9.00 15/10/1985	89 1/2	13.18 / 15.02	10.06
50	1981 / 100.00	TRIBUNE CO O/S FIN 14.00 1/ 3/1986	96 5/8	15.99	14.80
20 / 4.0	1968 / 99.00	TRW O/S CAP 7.25 1/11/1983	90 5/8	15.99 / 20.59	8.00
20 / 11.0	1971 / 99.00	TRW O/S FIN 8.75 15/10/1986	85 1/2	14.19 / 17.57	10.43
50 / 50.0	1980 / 98.75	TRW OVERSEAS FIN 12.50 15/10/1988	[illegible] 1/2	16.85 / 17.27	15.43
150	1982* / 100.00	UNION CARBIDE O/S FIN 14.75 1/ 5/1989	100 3/8	14.61	14.69
30 / 15.6	1972 / 100.00	UNION OIL FIN 7.50 1/ 1/1987	79 1/2	11.89 / 17.44	9.43
20	1979 / 99.50	U.S.LEASING INTL FIN 10.00 1/ 6/1984	87 1/2	18.56	11.41
20 / 14.9	1972 / 100.50	UTAH INT FIN 8.00 15/ 3/1987	80 1/2	13.96 / 17.28	9.94
50	1977 / 100.00	WALTER KIDDE O'SEAS FIN 8.50 1/ 7/1985	81 1/2	17.04	10.43
100	1979 / 99.25	WARNER-LAMBERT 9.00 1/ 7/1984	92 1/2	15.68	9.73
75	1981* / 99.25	WELLS FARGO INT FIN 15.00 10/ 9/1985	100 1/2	14.74	14.91
75	1981* / 99.25	WELLS FARGO INT FIN 11.00 10/ 9/1985	99 [illegible]	15.17	15.08
75	1982* / 100.80	WELLS FARGO INT FIN 15.00 15/ 3/1987	99 3/8	15.12	15.09
50	1981 / 99.50	WELLS FARGO INT FIN 15.50 15/ 6/1985	102 [illegible]	13.83	15.12

US DOLLARS-MULTINATIONAL

Issued/ Amt. O/S (mn)	Year of issue/ Issue price	Borrower/ Coupon/Maturity	Price	Yield to maturity/ to aver. life	Current yield
10 / 24.0	1972 / 100.00	BAUXITES DE GUINEE 8.00 31/12/1990	68	14.88 / 11.98	11.76
25 / 15.5	1973 / 98.00	QUEENSLAND ALUMINA FIN 8.25 1/ 4/1987	82	11.68 / 16.15	10.06
30 / 16.8	1971 / 98.25	QUEENSLAND ALUMINA FIN 0.50 1/ 3/1985	85	14.06 / 17.69	10.00
30 / 18.0	1972 / 98.50	SCANDINAVIAN AIRLINES 8.00 15/ 6/1995	85 1/2	11.49 / 15.34	9.36

US DOLLARS-SUPRANATIONAL (CONTINUED)

[illegible]

US DOLLARS-SUPRANATIONAL (CONTINUED)

Issued/ Amt. O/S (mn)	Year of issue/ Issue price	Borrower/ Coupon/Maturity	Price	Yield to maturity/ to aver. life	Current yield
100	1979 / 98.88	EUROPEAN COAL & STEEL CE 11.50 15/12/1986	83	16.70	13.86
40	1981 / 99.50	EUROPEAN COAL & STEEL 14.00 22/ 4/1988	95 1/4	15.25	14.70
50	1982* / 99.63	EUROPEAN COAL/STEEL 1ST 14.15 26/ 3/1987	98 7/8	15.03	14.92
30	1982* / 99.13	EUROPEAN COAL/STEEL 2ND 14.75 26/ 3/1987	98 3/4	15.07	14.94
300	1977 / 99.00	EUROPEAN COMMUNITY 7.75 1/ 8/1984	89	14.59	9.71
75 / 75.0	1980 / 99.50	EUROPEAN COMMUNITY 11.00 17/ 5/1995	81 5/8	14.17 / 15.00	13.48
70 / 70.0	1980 / 100.00	EUROPEAN COMMUNITY 11.00 1/ 0/1995	78 1/2	14.82 / 15.78	14.01
26 / 26.0	1980 / 99.00	EUROPEAN COMMUNITY 13.25 15/12/1995	87	15.57 / 16.06	15.23
65 / 65.0	1981 / 99.00	EUROPEAN COMMUNITY 14.75 20/ 4/1993	98 7/8	15.81 / 14.96	14.92
25 / 25.0	1981* / 100.00	EUROPEAN COMMUNITY 15.50 1/12/1993	98 1/4	15.79 / 15.90	15.78
15 / 5.0	1964 / 99.50	EUROPEAN INVESTMENT BANK 5.50 15/12/1984	87 3/4	11.66 / 15.72	6.27
20 / 5.3	1965 / 99.50	EUROPEAN INVESTMENT BANK 6.00 11/ 9/1985	87 1/2	10.92 / 15.29	6.86
25 / 3.8	1967 / 98.00	EUROPEAN INVESTMENT BANK 6.50 15/ 9/1982	97 1/2	28.76	6.67
15 / 5.0	1966 / 99.50	EUROPEAN INVESTMENT BANK 6.50 1/ 8/1986	86 5/8	10.79 / 14.68	7.50
25 / 0.3	1961 / 99.75	EUROPEAN INVESTMENT BANK 6.50 1/ 6/1987	85	10.61 / 11.15	7.65
75 / 53.7	1972 / 99.50	EUROPEAN INVESTMENT BANK 7.00 15/12/1987	70 7/8	15.30 / 16.43	9.85
50 / 37.0	1972 / 98.50	EUROPEAN INVESTMENT BANK 7.25 15/10/1987	73 1/4	14.98 / 17.16	9.90
75 / 57.0	1973 / 98.50	EUROPEAN INVESTMENT BANK 7.25 15/ 2/1989	71	15.36 / 17.37	10.21
25 / 12.6	1969 / 98.50	EUROPEAN INVESTMENT BANK 7.50 1/11/1984 S	90	13.19 / 17.33	8.52
50 / 35.0	1972 / 91.50	EUROPEAN INVESTMENT BANK 7.50 15/ 2/1990	68 1/8	14.75 / 18.16	11.01
75	1977 / 99.75	EUROPEAN INVESTMENT BANK 7.75 1/10/1984 S	89	14.25	8.90
75	1977 / 100.25	EUROPEAN INVESTMENT BANK 9.00 1/ 4/1984	90 1/8	15.05	8.88
[illegible]	1973 / 99.50	EUROPEAN INVESTMENT BANK 8.00 15/10/1988	103 1/8	7.35	7.76
75	1976 / 98.50	EUROPEAN INVESTMENT BANK 0.25 1/ 9/1981	93 5/8	14.99	8.81
50	1976 / 100.00	EUROPEAN INVESTMENT BANK 8.25 1/11/1983	93	14.67	8.87
50	1977 / 100.00	EUROPEAN INVESTMENT BANK 8.25 10/ 1/1985	87	14.91	9.48
30	1977 / 99.75	EUROPEAN INVESTMENT BANK 8.25 15/10/1981	80 5/8	13.66	10.23
30	1977 / 99.75	EUROPEAN INVESTMENT BANK 8.25 1/ 4/1987	80 1/2	14.21	10.25
60	1978 / 99.75	EUROPEAN INVESTMENT BANK 8.375 1/ 6/1986	81 1/4	15.14	10.31
100 / 180.0	1977 / 99.50	EUROPEAN INVESTMENT BANK 0.375 1/10/1992 S	70 5/8	14.71 / 17.73	12.21
25 / 14.0	1971 / 100.00	EUROPEAN INVESTMENT BANK 8.50 15/ 5/1986	88 5/8	12.41 / 14.37	9.59
30 / 21.3	1973 / 98.50	EUROPEAN INVESTMENT BANK 8.50 15/12/1988	76	14.48 / 14.53	15.18
100	1978 / 99.50	EUROPEAN INVESTMENT BANK 0.50 1/ 2/1983	79 1/8	14.10	10.74
100	1976 / 99.75	EUROPEAN INVESTMENT BANK 8.625 1/ 4/1984 0	92 1/8	14.55	9.58
100	1970 / 99.61	EUROPEAN INVESTMENT BANK 8.625 1/ 3/1985 S	86 1/8	14.77	10.03
30 / 14.4	1971 / 100.00	EUROPEAN INVESTMENT BANK 0.75 1/ 1/1986	88 3/8	13.03 / 16.06	9.87
45 / 32.0	1974 / 97.50	EUROPEAN INVESTMENT BANK 0.15 15/ 2/1986	84 1/8	14.54 / 15.63	10.40
50	1916 / 99.25	EUROPEAN INVESTMENT BANK 8.75 1/ 3/1988	79 7/8	14.14	11.09
50	1977 / 100.00	EUROPEAN INVESTMENT BANK 8.15 1/ 4/1982	74 7/8	13.34	11.68
100	1978 / 99.50	EUROPEAN INVESTMENT BANK 8.75 1/ 2/1993	70 1/2	14.32	12.41
100	1918 / 99.30	EUROPEAN INVESTMENT BANK 8.875 1/10/1986 S	83 5/8	14.00	10.93
75 / 75.0	1976 / 99.30	EUROPEAN INVESTMENT BANK 8.875 15/12/1996 S	69	14.40 / 16.85	13.25
75	1975 / 100.00	EUROPEAN INVESTMENT BANK 9.00 1/11/1982 S	98 3/8	16.24	9.36
100	1973 / 99.15	EUROPEAN INVESTMENT BANK 9.00 15/ 9/1990	71 1/2	15.36	12.59
75 / 75.0	1977 / 100.00	EUROPEAN INVESTMENT BANK 9.00 15/ 5/1997 S	68 1/2	15.62 / 16.93	13.57
100 / 100.0	1978 / 99.50	EUROPEAN INVESTMENT BANK 9.125 1/ 7/1993	76 1/8	13.40 / 15.21	11.99
125 / 125.0	1978 / 99.00	EUROPEAN INVESTMENT BANK 9.125 1/10/1998 S	67	13.97 / 13.97	14.08
100 / 100.0	1978 / 99.35	EUROPEAN INVESTMENT BANK 9.15 1/ 3/1998 S	67 7/8	15.02 / 16.11	14.09
60 / 58.0	1975 / 100.50	EUROPEAN INVESTMENT BANK 9.50 15/ 2/1985	87 1/2	15.75 / 16.87	10.86
50	1979 / 99.63	EUROPEAN INVESTMENT BANK 9.50 10/ 1/1986	85	15.10	11.19
150	1979 / 99.50	EUROPEAN INVESTMENT BANK 9.625 15/ 2/1986 S	87 1/8	14.90	11.15
20	1979 / 99.30	EUROPEAN INVESTMENT BANK 9.625 15/ 2/1991	71 1/2	15.91	13.46
100	1980 / 100.00	EUROPEAN INVESTMENT BANK 9.75 1/ 3/1987	82 5/8	14.97	11.80
75	1979 / 100.00	EUROPEAN INVESTMENT BANK 9.75 15/ 5/1989	78 1/4	15.05	12.46
30	1979 / 99.75	EUROPEAN INVESTMENT BANK 9.75 20/ 3/1991	74 1/2	15.21	13.09

US DOLLARS-SUPRANATIONAL (CONTINUED)

[illegible]

US DOLLARS-ZERO COUPON (CONTINUED)

[illegible]

US DOLLARS-FLOATING RATE (CONTINUED)

[illegible]

US DOLLARS-FLOATING RATE (CONTINUED)

[illegible]

US DOLLARS-FLOATING RATE (CONTINUED)

[illegible]

US DOLLARS-FLOATING RATE (CONTINUED)

[illegible]

US DOLLARS-FLOATING RATE (CONTINUED)

[illegible]

CANADIAN DOLLARS (CONTINUED)

[illegible]

CANADIAN DOLLARS (CONTINUED)

[illegible]

EUROGUILDERS (CONTINUED)

Issued/Est. O/S (Mil)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Yield to maturity/yield to avge life	Current yield
25	1978 100.00	BANK MEES & HOPE 7.00 1/ 4/1983	98 3/8	9.10	7.10
150	1980 100.00	BANK MEES & HOPE 10.00 1/ 8/1985	100 3/8	9.75	9.06
100	1982* 100.00	BANK MEES & HOPE 10.00 1/ 5/1987	99 3/8	10.06	10.04
150 60	1981* 99.50	BELGELECTRIC FIN 12.25 15/11/1986	104 1/4	10.92	11.75
75	1978 99.50	BRAZIL,REPUBLIC OF 7.50 1/ 7/1983	95 3/8	13.12	7.86
60 75	1978 99.00	C.F.E. – MEXICO 7.75 1/ 8/1983	94 5/8	13.85	8.19
30 40 10.0	1976 99.50	EERSTE NEDER CEMENT 8.50 15/ 4/1983	99	9.90	8.59
150	1981 99.29	EURATOM 11.50 1/ 6/1988	102	11.00	11.27
30 30	1962* 100.00	EUROFIMA 10.50 1/ 4/1989	104	10.26	10.40
25 60	1916 99.75	EUROPEAN COAL & STEEL 8.00 15/ 2/1983	99 3/8	9.06	8.05
40 50 10.0	1972 100.00	EUROPEAN INVESTMENT BANK 6.00 15/ 9/1982	99 3/4	7.88	6.02
40 75	1978 99.50	EUROPEAN INVESTMENT BANK 7.25 1/10/1985	94 1/8	9.46	7.70
45 75	1976 99.75	EUROPEAN INVESTMENT BANK 8.00 15/ 4/1983	99 3/8	8.84	8.05
45 75	1977 100.00	EUROPEAN INVESTMENT BANK 8.00 15/ 2/1984	98 1/2	9.02	8.12
40 40.0 25	1978 99.00	EUROPEAN INVESTMENT BANK 8.25 1/ 1/1986	95 1/4	6.92	8.66
30 30.0 75	1982* 100.00	EUROPEAN INVESTMENT BANK 11.00 1/ 3/1987	101 7/8	10.43	10.80
50 25 25.0	1979 99.50	FRIESCH-GRONINGSCHE HYPO 8.75 1/11/1986	89 7/8	11.89 13.38	9.74
50 60	1980 99.25	FRIESCH-GRONINGSCHE HYPO 9.75 1/ 9/1987	84 5/8	14.18	11.52
40 100	1980 99.50	HEINEKEN NV 10.00 15/ 7/1987	100 3/8	9.90	9.96
35 33.6 75	1982* 100.00	IRELAND 10.50 15/ 6/1987	98 7/8	10.79	10.62

EUROGUILDERS (CONTINUED)

Issued/Est. O/S (Mil)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Yield to maturity/yield to avge life	Current yield
150	1982* 100.00	WORLD BANK 10.00 1/ 6/1987	99 1/4	10.19	10.08
25	1981 99.00	WORLD BANK 12.00 1/ 6/1986	105	10.33	11.43
20	1981* 99.50	WORLD BANK 12.75 1/10/1986	107 3/8	10.45	11.87

EURO COMPOSITE UNITS

Issued/Est. O/S (Mil)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Yield to maturity/yield to avge life	Current yield
60	1974 100.00	EUROPEAN INVESTMENT BANK 8.00 15/ 1/1989	88 1/8	10.62	9.08
30	1913 99.50	EUROPEAN INVESTMENT BANK 8.175 21/ 9/1988	88 3/4	10.57	9.44

EURO CURRENCY UNITS

Issued/Est. O/S (Mil)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Yield to maturity/yield to avge life	Current yield
30	1982* 99.75	CENT EEC EUR – SEKSA 13.675 15/ 2/1990	98 7/9	14.09	14.03
25	1982* 100.75	COUNCIL OF EUROPE 14.25 30/ 3/1990	102 5/8	13.63	13.89
40	1981 100.00	EUROPEAN INVESTMENT BANK 13.25 11/ 6/1989	99 3/4	13.29	13.28
40	1962* 99.50	EUROPEAN INVESTMENT BANK 13.75 15/ 7/1989	101 1/4	13.45	13.58
45	1981* 99.25	EUROPEAN INVESTM'T BK WW 14.25 28/10/1989	101 5/8	13.84	14.02
45	1981* 99.25	EUROPEAN INVESTM'T BK WW 14.25 26/10/1989	101 3/4	13.81	14.00
40 40.0	1982* 99.50	I.M.I. 14.00 2/ 7/1989	97 3/8	14.61 14.68	14.38
30 30.0	1981* 100.00	IST BANC S P DI TORINO 14.75 3/12/1988	101 7/8	14.23 14.16	14.48
50	1982* 100.00	ITALY,REPUBLIC OF 14.00 22/ 2/1989	99 1/8	14.16	14.12
50	1982* 100.00	QUEBEC HYDRO 13.50 1/ 6/1989	98 7/8	13.74	13.65
40	1981* 99.00	QUEBEC HYDRO 14.25 16/ 9/1988	101 3/4	13.78	14.00
35 33.6	1981 100.00	S.F.T.E. 13.00 21/ 4/1987	99	13.25 13.31	13.13

EURO MISTRAL UNITS

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31st JULY 1982

WestLB Euro-Deutschmarkbond Quotations and yiel[ds]

Advertisement

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
8% ADELA 76/83	96.00	8.33	14.52	0.87	1. 4.83
7¾% African Dev. Bank 79/86	92.25	8.40	10.28	3.83	1. 0.86
8% African Dev. Bank 79/87	88.75	9.01	10.91	5.25	1.11.87
6½% Airport Paris 69/84 PP (G)	96.25	8.75	10.30	1.07	1. 3.75—84D
7¾% AKZD 76/83 PP	97.25	7.97	11.32	0.83	1. 6.83
6% AKZD 78/84 PP	82.25	6.50	11.31	1.67	1. 4.84
6½% AKZO 79/86 PP	90.00	7.22	9.83	3.58	1. 3.86
9% AKZD 80/90	97.30	9.25	9.49	7.79	15. 6.86—90S
9½% Auto 82/89	97.75	9.72	8.98	7.00	7. 7.89
8¼% Alusuisse Int'l. 75/83	99.00	8.33	8.34	1.00	1. 8.81—83D
5½% American Expr. Int'l. 79/87	91.25	6.03	7.89	4.48	15. 1.87
6¾% AMEX Int'l. 77/84 PP	95.50	7.07	9.76	1.67	1. 4.84
7¾% ARBED Finance 76/83 PP	95.75	8.09	11.52	1.35	1.11.83
6½% ARBED Finance 77/87	88.50	7.54	9.55	4.83	1. 6.83—87S
7½% ARBED Finance 79/86 PP	87.80	8.57	11.42	4.17	1.10.86
9% ARBED Finance 80/87 PP	92.50	8.73	11.07	4.83	1. 8.87
6¾% Ardal-Sunndal 77/89 PP	91.00	7.42	8.73	3.72	1. 7.82—89D
10¾% Ardal-Sunndal 81/89	103.25	10.41	10.07	8.92	1. 7.89
7½% Argentine 77/84	85.70	8.75	15.75	2.17	1.10.84
6½% Argentine 78/85	80.00	8.13	16.57	2.58	1.3. 85
6½% Argentine 78/88	72.75	8.93	18.04	4.10	1.11.84—88D
7½% Argentine 79/89	78.00	8.87	13.04	6.75	1. 6.85—89S
7% Asian Dev. Bank 69/84	99.25	7.05	7.53	2.08	1. 9.75—84S
7¾% Asian Dev. Bank 76/83 PP	98.25	7.88	10.46	0.67	1. 4.83
7% Asian Dev. Bank 77/85	95.50	7.33	8.94	2.87	1. 4.85
5½% Asian Dev. Bank 78/88	84.00	8.55	9.20	5.75	1. 5.88
7¼% Asian Dev. Bank 79/89	90.00	8.06	8.25	7.00	1. 8.89
8¾% Asian Dev. Bank 80/90	93.40	8.97	8.55	8.25	1.11.90
10% Asian Dev. Bank /8090	101.75	9.83	9.65	7.75	1. 5.90
10% Asian Dov. Bank 81/91	101.79	9.83	9.67	8.87	1. 4.81
10¼% Asian Dev. Bank 81/88	105.50	10.19	9.64	7.21	15.10.89
9¾% Asian Dev. Bank 82/92	99.20	9.42	9.53	9.71	15. 4.92
[illegible]					
7¾% Autopietas Espanolo 79/95 PP (G)	93.00	7.80	10.44	2.58	1. 3.85

5 years maturity: 9.25%

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment
7¼% Banco N. Desarrollo 79/86 (G)	78.00	9.29	15.68	3.58	1. 3.88
8% Banco N. Obras 71/86 (G)	98.25	8.14	8.87	4.25	1.11.77—88S
7% Banco N. Obras 77/84 (G)	90.50	7.73	12.22	2.17	1.10.84
5¾% Bk. America Overs. Fin. 78/90	84.80	8.77	8.35	8.25	1.11.90
6% Bank of Tokyo 79/88 PP	90.75	8.81	9.18	3.50	1. 2.86
8¼% Bank of Tokyo 82/87 PP	101.25	8.27	8.05	4.92	1. 6.87
7½% Banque Ext. Algerie 77/83	96.50	7.77	10.69	1.21	15.10.81—83D
7¼% Banque Ext. Algerie 78/85	90.25	8.03	12.52	2.31	1.11.83—85D
7¼% Banque Nat. Algerie 78/83	97.40	7.44	11.94	0.58	1. 3.83
10¾% Banrural 82/50	97.50	11.03	11.23	7.78	15. 5.90
8¼% Barclays Overs. Inv. 79/89	89.00	7.58	8.98	6.75	1. 5.89
8¼% Barclays Overs. Inv. 82/94	96.25	8.70	8.96	8.83	1. 6.90—94
7½% BEC Finance 78/83 PP	97.50	7.69	8.88	1.25	1.11.83
8% Beecham Fin. 76/83	98.95	8.08	8.87	1.25	1.11.83
10½% Belgalectric Fin. 81/88	104.00	10.10	9.86	8.83	1. 6.89
11% Belgalectric Fin. 81/91	104.79	10.50	10.17	9.17	1.10.91
8½% Beneficial Overs. 82/89	100.00	8.60	9.49	6.75	2. 5.89
8¾% Bergen 73/85	99.75	8.77	8.87	1.72	1. 5.81—85D
7¼% Bergen 77/89	84.50	7.67	9.22	3.32	1. 2.81—89D
8¼% BFCE 75/83 (G)	99.75	8.27	8.51	0.92	1. 7.81—83S
8¼% BFCE 76/84 (G)	99.80	8.28	8.47	1.92	1. 7.82—84S
7% BFCE 77/87 (G)	93.25	7.51	8.88	4.50	1. 2.83—87S
6¾% BFCE 78/88 (G)	86.50	8.73	9.24	5.46	15. 1.86—88S
7¼% BFCE 80/87 (G)	96.15	8.15	9.10	4.46	15. 1.87
8¼% BFCE 80/95 (G)	92.25	8.81	9.18	12.46	15. 1.88—95S
8½% BNDE 77/87	87.05	8.76	9.31	2.57	1. 4.83(82-87)
6¾% BNDE 78/86	80.25	8.41	14.10	3.58	1. 3.86
9½% BNDE 80/88	81.20	10.14	11.38	5.92	1. 7.88S
6½% Borregaard 77/84 PP	93.00	6.99	10.24	2.17	1.10.84
8½% Bowater Inc. Fin. 82/89	96.00	8.85	9.30	8.92	1. 6.89
8½% Brascan Int'l. 73/88	88.75	8.61	8.78	6.17	1.10.79—88S
6¾% Brazil 72/87	94.80	7.14	8.06	6.17	1.10.76—87S
8¾% Brazil 76/86	94.25	8.28	10.51	4.17	1.10.82(80-86)
7¾% Brazil 77/84	94.00	8.24	11.68	1.75	1. 5.84
6¾% Brazil 78/85	85.65	7.88	13.87	2.50	1. 2.85
7¼% Brazil 79/87	81.25	8.62	13.07	4.42	1. 1.87
8% Brazil 79/87	88.25	9.38	12.10	5.00	1. 8.87
9½% Brazil 80/88	91.50	10.11	11.30	5.83	1. 6.88
6¼% Bremer 68/83 (G)	88.76	8.84	8.24	1.00	1. 8.74
5¾% Brunelles-Lambert 77/84 PP	81.00	6.33	10.18	2.37	15.12.84
8¼% Burmah Oil 70/85	88.00	8.67	10.04	1.69	1.11.76—85D
4¾% Canada 78/83	97.00	4.90	8.74	0.80	20. 5.83
5% Canada 78/84	84.65	5.28	8.34	1.77	10. 5.84
8½% Canada 82/89	102.50	8.29	7.99	8.76	30. 4.89
6% Carlsberg-Tuborg 77/87 PP	85.25	8.96	8.38	5.33	1.12.85—87D
8½% C.C.C.E. 75/85 (G)	88.65	8.62	8.37	1.84	1. 4.81—85D
8½% C.C.C.E. 76/86 (G)	99.00	8.59	8.97	2.38	1. 7.83—86D
7% C.C.C.E. 77/89 (G)	92.75	7.55	8.45	6.87	1. 4.81—89D
5½% CECA 65/83	87.50	5.84	9.46	0.67	1. 4.71—83D
7½% CECA 71/86	96.75	7.76	8.17	2.20	1. 5.77—86D
8½% CECA 72/87	93.00	8.99	9.43	2.83	1. 7.78—87D
7% CECA 72/88	94.15	7.43	8.45	2.79	2. 1.79—88D
6½% CECA 73/88	92.25	7.05	9.53	3.03	1. 4.79—88D
7¾% CECA 73/88	99.75	7.77	7.81	3.84	1.11.79—88D
8% CECA 75/82	99.70	8.02	8.63	0.37	15.12.82
8½% CECA 75/85	101.50	8.37	7.45	1.84	1. 4.78—85D
7¾% CECA 76/83	98.85	7.84	8.79	1.17	1.10.83
7¾% CECA 76/86	98.00	7.91	8.62	2.62	1.10.83—86D
6% CECA 78/88	86.25	6.96	8.96	8.25	1.11.88
5¾% CECA 79/90	84.40	8.22	8.98	5.46	1. 4.85—90D
6% CECA 78/90 PP	87.50	6.86	9.72	4.26	1. 8.83—90D
7% CECA 78/91	89.25	7.84	9.40	8.03	15. 4.84—91D
9½% CECA 80/89	100.50	9.45	8.34	4.78	1.12.85—88
7¾% CECA 80/90	93.00	8.47	8.30	7.42	2. 1.90
7¾% CECA 80/92	92.80	8.48	9.40	6.36	2. 8.95—92D
10% CECA 81/91	102.50	8.76	9.44	8.50	8. 3.87—91D
9¾% CECA 82/87	102.50	8.51	9.02	4.47	20. 1.87
9¾% CECA 82/94	101.85	9.57	9.38	7.74	20. 1.87—94
7% CESP 77/87 (G)	93.75	7.47	8.61	5.25	
8% Chase Manhattan Ov. 78/93	85.35	7.04	8.06	11.06	1.11.83(82-87)
7% Chrysler 69/84	84.75	7.39	10.33	1.92	1. 8.84—93S
6¾% CIBA-GEIGY ex. w. 75/85 PP	93.00	7.28	8.32	9.25	1. 7.75—84S
6½% C.N. Autoroutes 69/84 (G)	96.00	6.77	10.56	1.07	1.10.85
6½% C.N. Energie 69/84 PP (G)	96.75	8.72	10.03	0.98	1. 3.75—84D
6¾% C.N. Telecom. 68/83 (G)	87.00	6.70	9.10	1.25	1. 2.75—84D
8½% C.N. Telecom. 70/85 (G)	99.45	8.55	8.88	3.17	1.11.74—83S
7¼% C.N. Telecom. 78/83 (G)	88.75	7.34	8.05	0.71	1.10.76—85S
6¼% C.N. Telecom. 79/87 (G)	90.75	6.89	8.77	4.58	16. 4.83
7¾% C.N. Telecom. 79/87 PP (G)	93.00	8.47	9.58	5.37	1. 9.87
8¾% Credit Foncier 82/92 (G)	96.25	9.09	9.34	9.83	16.12.87
7¾% Comalco 71/86	89.50	7.79	8.05	3.83	1. 5.92
8% Com. Fed. Electr. 77/84	92.50	8.65	12.80	1.83	1. 6.77—86S
7¼% Com. Fed. Electr. 77/85	97.50	7.92	12.89	1.76	1. 6.84
6¾% Com. Fed. Electr. 78/88	90.75	8.98	13.98	9.84	1.11.82—85D
11% Com. Fed. Electr. 82/89	96.25	11.43	11.87	6.96	1. 4.84—88D
5% Commerzbank Int'l. 79/84 PP	84.75	5.28	9.07	1.42	16. 8.89
4¾% Comp. F. Deutsche Bk. 78/83 PP	96.75	4.62	8.00	0.75	1. 1.84
5% Comp. F. Deutsche Bk. 78/84 PP	84.50	5.29	9.28	1.42	1. 6.83
8½% Comp. Franc. Petr. 76/85	100.10	8.49	8.40	1.81	1. 1.84
6½% Comp. Franc. Petr. 77/84	95.25	8.82	9.31	1.92	1. 6.80—85S
8½% Consorzio 70/91 (G)	94.25	9.02	10.51	4.10	1. 7.84
5¾% Copenhagen 64/84	93.25	6.17	8.01	2.37	1. 1.77—91D
7% Copenhagen 68/83	99.60	7.04	7.82	0.75	15.12.70—84D
6¾% Copenhagen 69/84	99.50	6.78	7.16	1.83	2. 5.72—83S
7¾% Copenhagen 71/86	96.35	7.88	8.45	3.67	1. 6.75—84S
7½% Copenhagen 76/88	98.25	7.83	7.88	4.33	1. 4.77—88S
8% Copenhagen 78/90	84.76	7.08	8.85	8.25	1.12.81—86S
7% Council of Europe 73/88	93.25	7.51	8.48	9.28	1.11.81—90S
6½% Council of Europe 76/83	100.00	8.50	8.32	0.50	1. 7.79—88D
7¾% Council of Europe 76/83	99.00	7.83	8.10	0.75	1. 2.79—83D
7% Council of Europe 76/83	98.00	7.14	8.60	1.33	1. 5.80—83D
6¼% Council of Europe 77/87	92.25	6.78	9.18	3.16	1.12.83
8¼% Council of Europe 78/86 PP	87.75	7.12	10.19	9.92	1.11.83—87D
6¼% Council of Europe 78/88	89.50	6.84	9.62	3.70	1. 7.86
6¼% Council of Europe 78/88 II	89.15	7.01	8.51	4.16	16. 5.84—88D
6¾% Council of Europe 78/88 III	88.75	7.04	8.84	4.18	1.11.84—88D
7¼% Council of Europe 78/89	93.25	7.77	9.55	3.57	1.11.84—89D
7½% Council of Europe 79/89	92.75	8.09	8.35	5.08	1. 5.83—89D
9¾% Council of Europe 80/90	100.50	8.70	9.62	6.24	1.10.85—89D
10% Council of Europe 81/91	102.25	9.78	8.51	6.62	1.12.36—90
10¼% Council of Europe 81/91	103.50	8.90	8.53	7.12	18. 4.87—91D
10% Council of Europe 82/92	101.75	9.83	9.64	7.45	18.10.87—91
8¾% Council of Europe 82/92	97.10	9.01	9.28	7.79	16. 2.88—92D
6½% Courtaulds Intl. 72/87	92.75	7.01	8.35	4.92	16. 8.88—92D
6% Credit National 77/87 (G)	90.50	6.63	8.33	6.17	1. 7.80—87S
5¾% Credit National 78/83 PP (G)	95.80	6.02	10.33	1.08	1.10.83—87S
6½% Credit National 78/89 (G)	89.00	7.30	9.54	4.62	1. 9.83
8% CVRD 76/84	98.00	8.18	10.42	1.50	18. 4.85—89D
8½% CVRD 76/86	99.25	8.56	8.89	4.33	1. 2.81(82-84)
8% Daimler-Benz 70/85	102.00	7.84	6.84	1.71	1.12.82(83-86)
5½% Daishowa Paper 78/83 PP	95.50	5.78	10.47	1.00	1.11.76—85D
8% Danish Export 77/82 PP	99.05	8.06	8.81	0.25	1. 8.23
5¾% Danish Export 78/83 PP	88.55	5.96	10.23	0.83	1.11.78—82D
8¼% Den Danske Bk. 76/86	95.40	8.65	9.60	4.25	1. 6.79—83D
7% Denmark 68/84	97.40	7.19	86.2	2.00	1.11.82—86S
6¾% Denmark 72/87	82.75	7.28	8.48	6.33	1. 8.75—84S
9¼% Denmark 74/89	90.75	8.27	8.28	6.58	1.12.78—87S
6¾% Denmark 77/83	97.80	6.92	8.98	0.79	1. 3.80—89S
7¼% Denmark 77/87	81.20	7.95	9.61	4.79	18. 5.83
5¼% Denmark 78/84	93.75	5.60	9.89	1.50	16. 5.87
6% Denmark 78/88	85.00	7.06	9.62	5.50	1. 2.84
5¾% Denmark 79/85	92.00	8.25	9.46	2.50	1. 2.88
6½% Denmark 78/88	85.00	7.65	8.70	8.50	1. 2.85
7¾% Denmark 80/88	95.30	8.26	8.48	3.50	1. 2.89
8¼% Denmark 80/92	90.50	9.12	9.82	8.50	1. 2.88
9½% Denmark 80/90 PP	96.25	9.87	9.82	7.75	1. 2.92P
10% Denmark 82/86	101.45	8.86	8.63	5.56	1. 5.90
					1. 3.88

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
10¾% Denmark 82/92	102.90	9.84	8.63	9.58	1. 9.92
6¾% Den Norske Ind. 77/89 (G)	92.50	7.30	9.20	3.74	1. 6.80—89D
8% Den Norske Ind. 78/90 (D)	89.25	6.72	8.31	4.02	1. 6.83—90D
6½% District Paris 69/84 (G)	96.50	6.74	8.81	1.67	1. 4.75—84D
10¼% EEC 81/83	103.00	9.83	9.54	6.32	18.10.93
7¾% EEC 73/94	92.35	8.53	9.34	7.38	1.11.85—94D
7¼% EEC 76/83	98.85	7.33	8.99	0.67	1. 4.83
8¾% EEC 82/94	102.25	9.54	9.32	7.98	18. 4.87—94D
8¼% Electr. do France 80/88 PP (G)	94.00	8.78	9.55	6.25	1.11.88
7% Eletrobras 77/87 (G)	95.50	7.33	8.11	5.08	1. 9.82(83-87)
6¾% Eletrobras 78/90 (G)	80.25	6.41	13.96	3.67	1. 4.86
7% Eletrobras 79/87 (G)	79.25	9.83	13.40	4.50	1. 2.87
5¼% Elf Aquitaine 78/88	84.36	6.22	9.48	4.76	15. 5.86—88D
5¾% Elkom 73/83 PP	85.50	6.73	10.84	3.73	1. 6.84—88D
9½% Emgart 82/89	98.50	8.90	10.08	7.00	7. 7.89
6¾% Ericsson 72/87	96.50	6.99	7.67	4.58	1. 3.78—87S
6½% ESCOM 68/83 (G)	96.75	6.72	9.53	1.17	1.10.74—83D
8½% ESCOM 70/85 (G)	97.00	8.76	10.53	1.63	1. 4.76—85D
8% ESCOM 71/86 (G)	96.00	8.33	10.43	2.02	1. 3.77—86D
6¾% ESCOM 72/87 (G)	91.50	6.83	9.65	2.89	1. 9.78—87D
7% ESCOM 73/88 (G)	91.00	7.69	10.52	3.10	1. 5.79—88D
8% ESCOM 78/84 PP (G)	95.00	8.42	10.57	2.25	1.11.84
8¾% ESCOM 79/84 I PP (G)	97.50	8.97	10.12	2.08	1. 8.84
8¾% ESCOM 79/84 II PP (G)	87.50	8.97	10.19	2.00	1. 8.84
8% ESCOM 80/87 PP (G)	97.50	9.22	9.65	6.00	1. 8.84—87D
9¼% ESCOM 80/87	97.75	9.46	9.80	5.25	1.11.87
9½% ESCOM 82/90 (G)	87.25	9.77	10.01	7.92	1. 6.50
7¾% ESTEL 73/88	93.00	9.23	9.33	6.00	1. 8.79—88S
8¼% ESTEL 75/85	97.50	8.72	9.53	2.83	1. 6.81—85S
8½% ESTEL 76/83 PP	97.50	8.72	12.99	0.58	1. 3.83
6½% ESTEL 77/84 PP	86.75	7.49	19.69	2.25	1.11.84
8¼% ESTEL 77/84 PP	90.00	6.94	15.30	1.29	1.12.82—84D
6¼% ESTEL 78/85 PP	84.00	7.44	12.67	3.17	1.10.85
7¾% ESTEL 79/86 PP	84.50	9.17	12.96	4.00	1. 8.86
8¼% ESTEL 79/86 PP	82.75	9.82	13.57	4.37	15.12.86
8¾% ESTEL 80/87 PP	85.50	10.28	13.07	4.87	15. 6.87
5¾% Euratom 77/87	87.25	6.59	8.88	5.25	1.11.87
6¼% Euratom 78/91 PP	87.75	7.12	9.54	4.78	8. 2.84—91D
6½% Eurofima 67/83	97.30	6.68	9.21	1.08	1. 8.71—83D
6¼% Eurofima 72/87	94.00	6.65	9.07	2.46	1. 9.70—87D
6½% Eurofima 67/83	92.50	7.03	9.50	2.95	1. 3.77—86D
8% Eurofima 73/88	99.00	8.08	8.32	3.55	1.10.77—88D
8% Eurofima 76/83	99.20	8.06	9.52	0.60	1. 2.83
6¾% Eurofima 77/87 PP	93.75	7.20	9.75	2.41	1. 2.83—87D
5½% Eurofima 78/88	89.35	6.18	9.22	3.45	15. 2.84—88D
5½% Eurofima 78/88 PP	85.25	6.45	9.53	4.69	1.11.85—88D
6½% Eurofima 79/89	89.75	7.24	9.43	4.41	1. 2.85—89D
7% Eurofima 79/84 PP	94.75	7.39	9.78	2.17	1.10.84
7¾% Eurofima 79/87 PP	92.00	8.02	9.39	5.17	1.10.87
8¼% Eurofima 80/87 PP	97.00	8.51	8.97	6.25	1.11.87
7¾% Eurofima 80/88 PP	94.50	8.23	9.18	5.46	15. 1.98
10¼% Eurofima 81/91	104.35	9.82	9.51	9.25	1.11.91
9% Eurofima 82/92	100.75	8.93	8.87	9.71	15. 4.92
6% Europ. Inv. Bank 69/84	96.50	6.22	9.73	1.07	1. 2.75—84D
7% Europ. Inv. Bank 69/84	100.25	6.98	6.96	1.74	1.11.75—84D
7½% Europ. Inv. Bank 71/86	97.60	7.68	9.01	2.03	1. 3.77—86D
7¾% Europ. Inv. Bank 71/88	97.40	7.96	9.69	2.81	1.10.77—86D
6½% Europ. Inv. Bank 72/87	94.75	6.86	8.50	2.50	1. 3.78—87D
8% Europ. Inv. Bank 72/87	92.25	6.50	9.06	3.00	1. 9.80—87D
8¼% Europ. Inv. Bank 73/88	96.50	6.99	7.54	5.50	1. 2.79—88S
7% Europ. Inv. Bank 73/88	95.80	7.23	7.69	5.92	1. 7.79—88S
8½% Europ. Inv. Bank 75/83	100.00	9.50	9.24	0.42	1. 1.81—83D
8% Europ. Inv. Bank 76/83	101.25	7.90	6.53	0.92	1. 7.80—83D
7¾% Europ. Inv. Bank 76/83 PP	97.75	7.83	9.84	1.17	1.10.83
6¾% Europ. Inv. Bank 76/84	97.50	6.92	8.91	1.31	1.12.81—84D
6% Europ. Inv. Bank 77/89	91.00	6.59	8.87	3.83	1. 8.82—89D
6% Europ. Inv. Bank 78/83 I PP	84.50	7.10	9.51	6.00	1. 8.88
6% Europ. Inv. Bank 78/88 II PP	84.00	7.14	9.48	6.29	15.11.88
6¾% Europ. Inv. Bank 78/90	84.40	6.22	9.03	5.37	1. 3.85—90D
6% Europ. Inv. Bank 78/90	63.10	7.22	9.00	6.17	1.10.90P
7½% Europ. Inv. Bank 79/89	92.50	8.11	9.01	6.83	1. 6.89
7¾% Europ. Inv. Bank 79/89 PP	97.50	8.33	8.31	7.08	1. 8.89
6½% Europ. Inv. Bank 79/91	84.85	7.66	9.15	8.42	1. 1.91P
9¼% Europ. Inv. Bank 80/86	102.00	9.07	6.58	2.75	1. 5.86
7¾% Europ. Inv. Bank 80/90	92.50	8.51	9.24	8.00	1. 8.90
8½% Europ. Inv. Bank 80/90	95.75	8.88	9.25	8.21	
9% Europ. Inv. Bank 80/87 PP	99.50	9.05	9.70	5.37	15.10.90
9½% Europ. Inv. Bank 80/90	101.50	9.36	9.21	7.75	15.11.87
9½% Europ. Inv. Bank 80/90	101.40	9.37	9.24	8.33	1. 5.90
10¼% Europ. Inv. Bank 81/91	102.60	9.87	9.67	9.25	1.12.90
10½% Europ. Inv. Bank 81/91	105.25	9.98	9.56	8.67	1.11.91
10½% Europ. Inv. Bank 81/91 II	105.25	9.98	9.61	9.04	1.0.91
10¾% Europ. Inv. Bank 81/91	106.50	10.09	9.62	8.87	15. 8.91
10% Europ. Inv. Bank 82/89	103.00	9.71	9.34	6.50	15. 6.91
10% Europ. Inv. Bank 82/92	103.00	9.71	9.49	9.50	1. 2.89
6½% Europ. Inv. Bank 82/92	94.65	8.85	9.22	9.79	1. 2.92
8¼% Europistas 71/86 (G)	96.10	8.58	10.81	1.94	15. 5.92
6% Europistas 72/87 (G)	95.50	8.38	10.48	2.32	1. 2.77—86D
10½% Ferrovie 82/87	101.25	10.37	10.12	4.67	1. 1.78—87D
7% Finland 68/83	98.00	7.14	9.76	0.83	1. 4.87
6¾% Finland 68/83	97.90	6.89	9.67	0.82	1. 8.72—83D
7% Finland 69/84	99.00	7.07	6.00	1.24	1.12.72—83D
[illegible]					1. 5.73—84D

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WestLB Euro-Deutschmarkbond Yield Index

July 31, 1982: 9.54% (June 30 1982: 9.67%)

[illegible]

Quotations (Continued)

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
7¾% South-Afr. Oil Fund 79/84 PP (G)	95.50	9.12	10.93	1.58	1. 3.84
7½% South-Afr. Railway 73/88 (G)	91.25	8.22	9.51	5.82	1. 6.78—88S
8% South-Afr. Railway 78/83 I PP (G)	97.25	8.23	11.29	0.92	1. 7.83
8% South-Afr. Railway 78/83 II PP (G)	97.50	8.21	10.53	1.08	1. 8.83
7¾% South-Afr. Railway 78/83 PP (G)	95.00	8.16	11.94	1.33	1.12.83
7% South Scot. El. 73/88 (G)	92.75	7.55	8.70	5.50	1. 2.79—88S
9% SHU 82/90	95.25	9.45	9.89	8.00	1. 7.90
6¾% Spain 77/84	95.50	7.07	9.32	2.00	1. 8.84
6% Spain 78/88	86.30	6.95	9.15	5.75	1. 5.88
6% Sparbank-Oslo 78/90 PP	87.50	6.86	9.83	4.05	16. 5.81—90D
6½% Stand. Chart. Bank 78/88	88.80	7.32	9.20	5.42	1. 1.88
6% Statoil 78/88 (G)	89.15	6.73	8.34	6.08	1. 9.84—88S
6½% Statoil 79/89 (G)	99.45	7.27	8.68	6.59	1. 2.86—89S
7% Statsforetag 77/85	95.80	7.31	10.00	1.55	1. 3.82—85D
8¾% Stockholm County 75/87	98.00	8.93	9.62	2.57	1. 4.79—87D
7½% Sun Oil Int. Fin. 73/88	96.25	7.79	8.32	6.00	1. 8.79—88S
7¼% Svenska Cell 73/88	93.00	7.80	8.90	5.50	1. 2.79—88S
10¼% Svenska Hdl. Bk. 81/87	100.50	10.20	10.10	5.22	20.10.87
6¾% Sveriges Inv. Bk. 72/87	94.75	7.12	9.15	4.58	1. 3.78—87S
7% Sveriges Inv. Bk. 73/88	93.25	7.51	8.55	5.59	1. 3.79—88S
8½% Sveriges Inv. Bk. 75/83	99.75	8.52	8.76	0.83	1. 6.80—83S
6½% Sweden 77/84	96.10	6.76	8.97	1.75	1. 5.84
6% Sweden 77/89	85.00	7.06	9.66	7.33	1.12.83—89S
7¾% Sweden 79/89	92.75	8.36	9.21	6.92	1. 7.89
7½% Sweden 79/89 PP	89.00	8.43	9.74	7.00	1. 8.89
8% Sweden 80/87 PP	94.50	9.47	9.52	4.54	16. 2.87
9¾% Sweden 80/87	102.25	9.54	9.11	4.67	1. 4.87
9% Sweden 80/87 PP	99.25	9.07	9.18	4.79	15. 5.87
9¼% Sweden 80/87 PP	99.00	9.34	9.48	5.25	1.11.87
7½% Sweden 80/90	90.75	8.88	9.56	9.08	1. 9.90
9¾% Sweden 82/88	102.00	9.56	9.25	5.62	15. 3.88
9⅞% Sweden 82/92 PP	97.50	9.10	9.38	8.83	1. 8.89
9¾% Sweden 92/92	100.90	9.66	9.59	9.62	15. 3.92
9½% Swedish Export 80/87	98.75	8.62	9.79	5.33	1.12.84—87S
10¼% Swedish Export 81/81	101.90	10.06	9.87	7.69	1.11.88—91
9% Tauernautobahn 75/83 PP (G)	99.65	9.03	9.46	0.58	1. 3.83
5½% Tauernautobahn 78/93 (G)	80.50	6.83	8.32	10.67	1. 4.84—83S
8½% Tauernautobahn 90/90 (G) PP	94.25	9.02	9.53	8.21	16.10.90
7% Tauernkraftwerke 68/83 (G)	98.50	7.11	10.41	0.50	1. 2.74—83D
6½% Tauernkraftwerke 68/83 (G)	99.65	6.52	9.65	1.08	1. 8.74—83S
10½% Telefonica 92/92	100.75	10.42	10.35	9.67	1. 3.92
9% Tenneco 82/92	98.50	8.74	9.24	10.00	1. 7.92
8% Tenneco 73/93	93.00	8.60	9.01	11.25	1.11.82—93S
6¼% Thailand 78/83 PP	96.25	6.49	12.32	0.67	1. 4.83
7¼% Tokyo El. Power 69/84	98.50	7.36	8.65	1.31	1.12.75—84D
6½% Tokyo El. Power 78/85	84.65	6.97	8.75	2.75	1. 5.95
5½% Toyo Rubber 78/83 PP	94.00	5.85	11.23	1.17	1.10.83
6½% Traf. House Fin. 72/87	92.75	7.01	8.27	5.17	1.10.78—87S
6% Trinidad & Tobago 78/83	96.75	6.20	11.21	0.67	1. 4.83
6¾% Trondheim 68/83	96.65	6.98	9.54	1.42	1.12.72—83S
5¾% Trondheim 78/88	87.00	6.61	9.31	4.64	1. 4.86—88D
7½% TRW Int. Fin. 69/84	98.25	7.63	8.57	2.17	1.10.75—84S
6% TVO Power 78/88 (G)	85.00	7.06	9.62	5.50	1. 2.84—88S
5¾% UDS Group 78/83	95.50	6.02	10.33	1.08	1. 9.83
9½% Unilever 75/87	102.25	8.31	7.58	2.90	1. 5.81—87S
6½% Union Bank Finland 78/88	85.50	7.60	8.63	6.37	18.12.84—88S
5¾% Uniroyal 78/84 PP	90.00	8.39	11.64	2.00	1. 8.84
7% Venezuela 68/83	98.25	7.12	8.78	1.17	1.10.74—83S
9% Venezuela 78/88	76.25	7.87	12.07	5.58	1. 3.84—88S
6½% Venezuela 78/90	72.50	8.97	11.90	8.25	1.11.85—90S
9¾% Venezuela 80/90	93.50	10.43	10.97	9.25	1.11.86—90
11½% Venezuela 91/91	100.75	77.47	77.34	9.42	1.12.91
8¼% Vienna 75/84	101.25	8.15	7.33	1.49	1. 8.79—84D
5¾% Vienna 77/84 PP	92.50	6.22	9.39	2.37	15.12.84
8½% Voest-Alpine 73/88	96.20	8.84	9.33	6.17	1.10.79—88S
9½% Voest-Alpine 75/85	98.25	8.65	9.57	1.80	1. 9.91—85D
6¾% Voest-Alpine 77/89	88.90	7.59	10.11	4.19	1. 6.84—89D
6½% Wells-Fargo ex w. 73/88	88.00	7.39	9.09	6.25	1.11.79—88S
8¾% Westland-Utrecht 80/85 PP	94.25	8.28	11.39	2.58	1. 3.85
9% Westland-Utrecht 80/87 PP	91.75	9.81	11.14	5.25	1.11.87
5½% Worldbank 65/85	99.50	6.53	5.78	2.67	1. 4.71—85S
6½% Worldbank 68/84 PP	97.00	6.70	10.02	0.91	2. 1.77—84D
6½% Worldbank 68/84	87.35	6.68	8.84	1.32	1. 6.75—84D
6½% Worldbank 69/84 PP	97.25	6.68	9.71	0.91	2. 1.77—84D
9% Worldbank 69/84 PP	95.80	8.26	9.97	1.15	1. 4.77—84D
8% Worldbank 70/86	100.25	7.98	7.81	1.87	1. 1.77—86D
7½% Worldbank 71/86 I	95.25	7.79	9.38	2.28	1. 8.77—86D
7½% Worldbank 71/86 II	96.10	7.80	9.47	2.24	1.12.77—86D
6¾% Worldbank 72/87	94.25	7.16	9.41	2.49	1. 3.78—87D
6¾% Worldbank 73/83	98.75	6.84	9.26	0.50	1. 2.83
6¼% Worldbank 73/88	81.75	6.95	9.54	3.12	1. 5.79—88D
8% Worldbank 75/82	99.60	9.03	9.03	0.33	1.12.82
8¼% Worldbank 75/83	100.00	8.25	9.22	0.92	1. 7.83
7¾% Worldbank 76/82 PP	99.75	7.77	9.03	0.17	due 1.10.82
7½% Worldbank 76/83	98.90	7.58	9.00	0.75	1. 5.83
7¾% Worldbank 76/83	98.90	7.84	8.74	1.17	1.10.83
6¾% Worldbank 76/93 PP	96.50	6.99	9.51	1.33	1.12.93
9% Worldbank 76/84	99.75	9.02	8.13	1.50	1. 2.84
7% Worldbank 77/85 PP	94.00	7.45	9.70	2.58	1. 3.85
6½% Worldbank 77/85 PP	92.75	7.01	9.60	2.75	1. 5.85
8% Worldbank 77/86	92.60	6.48	8.80	3.12	15. 9.85
7% Worldbank 77/87	93.15	7.51	8.92	4.42	1. 1.87
6½% Worldbank 77/87	90.90	7.15	8.92	4.75	1. 5.87
5¾% Worldbank 78/84	94.85	8.06	8.66	2.00	1. 8.84
8% Worldbank 78/88	86.00	8.98	9.13	8.00	1. 8.88
6¼% Worldbank 78/88	86.75	7.20	9.08	6.33	1.12.98
5¾% Worldbank 78/90	84.20	6.83	8.32	5.94	1. 2.87—90D
7% Worldbank 79/85 PP	95.00	7.37	8.97	3.00	1. 9.85
7½% Worldbank 79/87 PP	90.75	7.85	9.54	5.00	1. 8.97
7¾% Worldbank 79/91	91.50	8.47	9.18	9.92	1. 7.91
10% Worldbank 90/86	104.75	9.55	8.45	3.75	1. 5.86
8½% Worldbank 80/88 PP	96.60	8.81	9.29	5.92	1. 8.88
9% Worldbank 80/88 PP	99.00	9.09	9.21	5.75	1. 5.88
7⅞% Worldbank 80/90	92.90	8.48	9.22	7.42	1. 1.90
7⅞% Worldbank 80/90 II PP	91.00	8.65	9.61	7.42	1. 1.90
10% Worldbank 80/90	107.00	9.35	9.71	7.75	1. 5.90
9% Worldbank 80/90	83.45	8.56	9.19	8.00	1. 8.90
7¾% Worldbank 80/88 PP	92.00	8.42	8.56	6.00	1. 9.88
9¼% Worldbank 81/91	99.75	9.27	8.29	8.42	1. 1.91
10% Worldbank 81/91	104.25	9.59	8.26	8.75	1. 6.91
10½% Worldbank 81/91	105.90	9.92	9.50	8.00	1. 8.81
11% Worldbank 81/91	107.00	10.28	9.79	8.08	1. 9.91
10% Worldbank 91/91 II	102.80	9.73	9.52	8.33	1.12.91
9½% Worldbank 92/88	96.00	9.85	9.13	8.75	1. 4.89
8½% Worldbank 82/92	102.40	8.28	9.29	6.67	1. 5.92
9½% Worldbank 82/92	100.75	9.43	9.39	10.08	1. 8.92
6¾% Yokohama 68/83 (G)	99.50	6.78	7.36	1.08	1. 8.72—83S
7% Yokohama 69/84 (G)	99.50	7.04	7.38	2.16	30. 9.73—84S
8% Yokohama 71/88 (G)	100.00	9.00	8.00	4.00	1. 9.77—86S
9% Yugosl. Inv. Bank 77/84 PP	91.50	9.75	12.29	2.37	15.12.79—84S

CONVERTIBLES—U.S. (CONTINUED)

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THE ARTS

Children and dolls at the Bethnal Green Museum Leonard Burt

Museums

Gillian Darley

Bethnal Green treasure trove stays open

As this piece changes, I am relieved to say, from a plea for survival into a celebration, it is hard not to be a little sceptical. Did the Rayner Report which suggested the demise of the Bethnal Green Museum (and, for that matter, that of the as yet unborn Theatre Museum as well) seriously intend that the museum should go? Or was it, perhaps, an official attempt at crying wolf?

Now, after the reprieve, it matters little. Probably the publicity that the proposals attracted have sent a considerable number of visitors to Bethnal Green who had never even suspected the existence of the museum — not to mention the many other people who now plan to visit it, sometime. But it is, of course, as a local museum, as well as an outstation (oddly colonial phrase) of the Victoria and Albert Museum, that this one succeeds so magnificently.

Anybody who has witnessed the delight, often unruly but always genuine, of the hordes of school children who go to the Bethnal Green Museum because it is not only of childhood but for childhood, would have gone to considerable lengths to prevent closure of this valuable asset in a stinted corner of London.

The children who visit are not, perhaps, that impressed by the fine, three-aisled, cast iron shed in which the museum was opened, in 1875. The structure, originally for the first South Kensington Museum (parent of the V and A), was a very early example of the purpose-built museum: the neighbouring Geffrye Museum is precisely the opposite—a series of 18th century almshouses converted to museum use this century. (The two museums make a complementary pair for a day spent in that north eastern corner of the city.) The soaring, airy structure at Bethnal Green is a perfect shed in which to show the tiered galleries of exhibits—each section (basement apart) is in view of the rest which gives the museum a coherence lacking in the V and A itself, where the bulk of the building tends to intrude.

Much of the Bethnal Green collection is connected with childhood and it has been designed accordingly—gaiety and lack of pedantry are the principles, bright colours and clear explanations their expression. But although many of the objects are toys, models and the contents of the playroom (past and present) others have their own fascination.

> ❛Much of the collection is connected with childhood and the museum is designed accordingly — with gaiety, lack of pedantry and bright colours❜

My obsession remains the doll's house collection. Here it is possible to glean more information on domestic arrangements, of the 18th or the 20th century as the case may be, than in many an architectural tome which conveniently neglects the important questions of who did what, where, in the house.

If I must own to a favourite it has to be the example of the International Style, Whiteladies House, of 1935. This was for "a generation bred in one war and living its little time of sunshine to the full before the next one," in the words of its designer. Thus the residents took to the roof, for golden summers spent under a constant sun—before the clouds piled up upon the horizon—or perhaps, more literally, before the conservative British public retreated back into an architecture of timbered gables, pitched roofs and a spot of Georgian detail around the sash windows, wiping out all memories of sun-terraces and the like—too foreign by half.

The museum also contains the V & A's collection of 19th-century Continental decorative arts, covering such hitherto unsuspected fields of expertise as examples of Norwegian art nouveau and a book-case seemingly modelled on a Bavarian castle, given by the Emperor Franz Josef to Queen Victoria. The royal family must have been more than happy to pass it on to the museum and put something a little milder in its place at the palace.

The local connection is made with a full display of Spitalfields silk and this interest has led to a large costume collection. There is a gallery devoted to travelling exhibitions which, at the moment, happens to be showing fabrics from the textile firm of Warners—130 years in the business.

For children, for the residents of this corner of London (and here I declare an interest), but also for anyone interested in things as diverse as Bugatti furniture or optical toys, then the Bethnal Green Museum is a treasured possession: it is to be hoped that the Trustees will firmly turn down the option of entrance charges and that the Museum can return to calmer times, continuing to do what it does supremely well.

South Bank Summer Music

The Greater London Council's annual South Bank Summer Music commenced last night and consists of 27 concerts in 15 days. The opening concert in the Festival Hall was devoted to Berlioz's last opera *Béatrice et Bénédict*.

On Wednesday August 18, in the Elizabeth Hall, further aspects of French opera will be explored, this time from the 20th century, in a double bill: Poulenc's *La voix humaine* with Elisabeth Söderström and Ravel's *L'Enfant et les sortilèges*.

In contrast, on Saturday August 28, the National Youth Jazz Orchestra will give a concert at the Elizabeth Hall which will include Paul Hart's *The Sherwood Forest Suite*. There are some 16 movements to the suite, all associated with the legendary figures who dwell in Sherwood Forest and their enemies.

Turangalila Symphony /Albert Hall

Andrew Clements

Since the youthful Leonard Bernstein gave the first performance with the Boston Symphony Orchestra in December, 1949, Messiaen's *Turangalila* Symphony has been a young person's work. It is difficult to imagine one of our more senior conductors responding wholeheartedly to the *mélange* of religiosity and eroticism, its reliance on repetition and superimposition to build massive climaxes, above all, perhaps, to its unashamed banality and willingness to use the most vulgar emotional tricks to make a dramatic point.

Turangalila was the major work in Friday's Prom, given by the City of Birmingham Symphony Orchestra under its principal conductor Simon Rattle. Mr Rattle is about to begin his directorship of this year's South Bank Summer Music, which has a strong French flavour: he could hardly have chosen a more spectacular curtain-raiser for his rival enterprise across the river. On this occasion the Symphony was well matched to its auditorium. In a smaller hall the climaxes can be more overwhelming, the physicality of the music more appreciated. Here, with the enormous score held as it were at arm's length, the sheer ingenuity of Messiaen's construction could be better appreciated — vast clockwork edifices coloured in primary tones.

Here, for once also, the contribution of the ondes martenot was telling, not so frequently subsumed into the general texture as in some performances. The soloist was the French composer Tristan Murail, a pupil of Messiaen and the ondes inventor Maurice Martenot; the pianist was Peter Donohoe, vivid and impassioned. Mr Rattle made sure that every detail was heard, pointed every rhythm precisely, even managed to make the tiresomely protracted "Gardeo of the sleep of love" less long-winded than usual, a well judged counterweight to the preceding "Joy of the blood of the stars" which Rattle had invested with considerable lithe energy.

The Birmingham orchestra responded with great enthusiasm and no little virtuosity. The first half of the programme, however, had shown it off to rather less effect; the complete ballet music which Ravel fashioned out of his original *Mother Goose* Suite, with an added prologue and "Dance of the Spinning Wheel" and some interludes to weld the suite into a continuous scenario. There are extra exquisite moments in the ballet music, but in this performance everything seemed a shade unsettled and remote; listeners to Radio 3 may have better been able to appreciate the success of Mr Rattle's exercise in balance and refinement.

Trial by Jury/Albert Hall

Arthur Jacobs

Whether the D'Oyly Carte *Opera Company is really dead* or only quiescent, one message comes over loud and clear: Gilbert-and-Sullivan lives. The Drury Lane *Pirates of Penzance*, despite its percussive re-orchestration, preserves Sullivan's harmonies entire, and joyously indulges Gilbert's prolonged Victorian punning. At the Proms on Saturday, *Trial by Jury* met with huge acclaim given in the traditional musical version with the soloists acting their parts in appropriate costumes.

That formed the second part of what might be called — if Percy Grainger would not resent the description — an all-British programme, with Nicholas Cleobury conducting the BBC Concert Orchestra. William Alwyn (born 1905), who must be *virtually* unknown to the younger generation, was represented by an eloquent performance of his Symphony No 5, a particularly dis*tinguished example of its kind* (and particularly concise, lasting 15 minutes). Better-known, John Ireland's piano concerto seems to me much more "dated" and I suspect that such a young pianist as Kathryn Stott, playing an instrument too metallic in tone, was not *quite* in sympathy with its sentimental urge.

A group of Grainger's vigorous, folky pieces included *Handel in the Strand* in Sir Henry Wood's effective orchestration, with an organ at the *end, and* three *in* Grainger's own special orchestrations for Stokowski. Of these, unfortunately, the subtle interweaving of instrumental strands in the *Londonderry Air* was badly smudged by Mr Cleobury's conducting.

His beat had *happier results* in *Trial by Jury*, in which John Brecknock as Edwin was in sparkling form, light and true in vocal style and with every *word clear. The* other *principal* soloists (Marilyn Hill-Smith, Gordon Sandison, Alan Watt and Roderick Earle) supported strongly, but the women of the BBC Singers swallowed their words. What a pity that the men and women of this professional chorus did not *reinforce* the dramatic impact by casting their music-copies aside for once!

1982 Ronson Awards at RADA

Vincenzo Ricotta (22) of Hoddesdon and Fiona Shaw (24) from Cork have been awarded the Ronson Awards for "the most promising actor and actress of the year" at the Royal Academy of Dramatic Art.

Both winners finished at RADA recently and were signed by agents.

Venice opera

Handsome revival of Massenet's Don Quichotte

As a coda to its interesting winter opera season, the Teatro La Fenice here has presented a kind of brief festival under the general title "Europe in Venice 1982." First the Dresden Opera came, with its productions of *Freischütz* and *Rosenkavalier*; then the Fenice itself mounted a new *Don Quichotte* of Massenet with an international cast; and finally The Royal Ballet arrived with a gala *Romeo and Juliet*.

From the very beginning of his career, Massenet has enjoyed a certain popularity in Italy (the Scala success of his *Roi de Lahore* put Verdi's nose sorely out of joint); if his *Manon* is understandably heard less often than the Puccini version of the story, the Massenet *Werther*—especially since the heyday of Tito Schipa's career—has become virtually a repertory opera, and even *Thaïs* and *Hérodiade* are to be found now and then in Italian *cartelloni*.

In recent years, at least, *Don Quichotte* has been a rarity; but now that Ruggero Raimondi has fulfilled a long ambition and take up the role, it is safe to predict the work will soon make the rounds of Italian (and foreign) houses. This Venice production, obviously created for him, will be a big help, for it is agile, handsome to look at, and generally persuasive. Piero Faggioni, who not only produced but also designed sets and costumes, has an abundance of ideas (compounded also in the rich Fenice programme), and some of them are unhelpful. For one thing, he dresses a group of supers in turn-of-the-century clothes and has them stroll in and out of the performance; fortunately their intrusions are infrequent, so can easily be eliminated, if Faggioni can be convinced that this notion is an excrescence. He also takes the Prelude to Act 5 and puts it before the opening of Act 1, enabling him to create a highly effective visual point (the Don is seen poring over old books), but causing a musical confusion, vitiating the impact of the Prelude when it is then repeated in its proper place.

Still, all in all, Faggioni has done a good job; and this *Don Quichotte* deserves its immense Venetian success (the theatre was packed for all performances, despite the murderous heat). Raimondi's interpretation is already good and should grow, as he repeats it, into something memorable. He *sings* the music, avoiding any temptation to Boris-ise it with excessive *parlando*; and the voice is warm and lyrical (his French is also very good). His characterisation perhaps is still a shade generic, wanting that edge of grotesqueness, of noble madness. This Quichotte is too normal, even though, in the great *final scene, he* is profoundly moving.

As Sancho, Gabriel Bacquier sometimes overshoots the mark; his ease in the role seems to encourage a broadness of comedy out of key with the subtler Massenet tone. The voice, too, is worn and unsteady; and he forces it beyond pleasantness. But the Dulcinée of Margarita Zimmermann is a constant pleasure, warm and seductive, carefree yet sensitive. She acts as well as she sings (and is seconded by Faggioni's Velasquez-inspired costumes). The smaller roles — largely assigned to young Italian artists — are all deftly bandled.

Georges Prêtre is a Fenice favourite, and he certainly manages to make the orchestra sound good. It achieves a glow under his hands, and this score —with its frequent employment of solo instruments — allowed the Fenice to demonstrate the progress it has made in the past year or so, under the theatre's new direction. After a period of confusion and dejection, now the great Venice house is working its way back towards the top rank of Italian lyric theatres, just as some of its most distinguished rivals — not excluding La Scala—seem to be groping, lost.

WILLIAM WEAVER

Leonard Burt

Derek Godfrey

Molière/The Other Place

B. A. Young

In this spirited version by Dusty Hughes, Bulgakov's play is like a romance from the Lyceum or Drury Lane last century. It tells how the Church punished Molière for creating the unsympathetic priest in *Tartuffe*, but it is all done in bright primary colours, and Bill Alexander has matched it with a mobile production that leaps about a two-level set by Ralph Koltai.

We have a tragic young actress, a sinister informer, an awesome Cardinal, an aristocratic swordsman, a grim secret, a dread Cabal in horrid masks. We have a king—Louis XIV. There are no politics later than those of Molière's day.

The plot, some of it true and most not, makes Molière's new young wife not, as he thought, the sister of his discarded mistress but her daughter. The secret is discovered, in a characteristically melodramatic way, by a boy hiding in a harpsichord, where he works helping in an act of "magic." When the Cardinal Archbishop learns of it, he realises that he can finally discredit Molière; disrespectful plays are one thing, incest is another. Molière loses the King's favour, but he continues to play until that fatal performance of *Le Malade Imaginaire*, when he perfectly historically dies on stage.

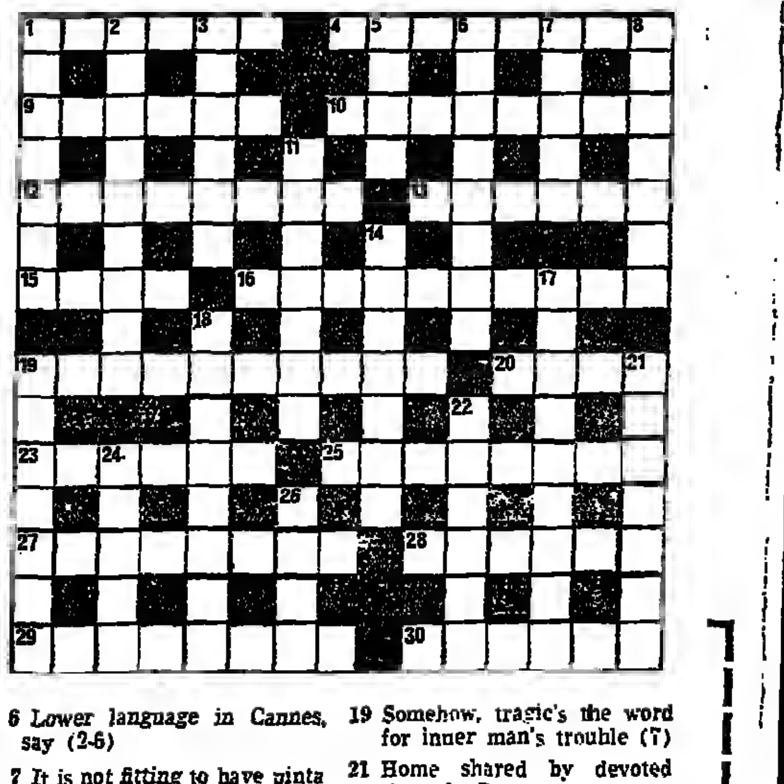
Antony Sher's fine playing of Molière is only farcical when the great man is playing one of his own comic characters. His achievement is to have kept it tragic when so much of what he does is comic.

Derek Godfrey plays Louis, almost unrecognisable under a great gold wig. The part is a *comic* one, *with a series of un*looked-for generosities towards people who don't deserve them. The final change of attitude towards Molière, being played in the same mood, makes a notable moment. Comic he may be, but he is never less than royal; what he *lacks* in dignity *is* provided by the Cardinal. And even he descends to fight a spitting match with d'Orsini, the swordsman (a performance by Malcolm Storry with a touch of Errol Flynn).

The two women are Penelope Beaumont as Madeleine, the elder, who is outstanding in her final confession, and Joanna Foster as her "sister," a loose woman of the better sort. I don't know what the point of the Honest Cobbler is, a garrulous workman who hangs about like a court jester, only without making jests. Albie Woodington plays him without offering much of a clue. David Troughton is Molière's confidant Bouton, and the pathetic boy from the harpsichord, who grows up to be an actor in Molière's company, is touchingly played by Chris Hunter.

Before this lively entertainment begins, Bulgakov himself is presented, to talk about his relations with Stalin. This seemed to me a waste of time.

F.T. CROSSWORD PUZZLE No. 4,949



1 Hides in the field (6)
4 Column eerily moonlit on high (8)
9 Trick is being unwelt but due to improve (6)
10 Some cement left on the ground (8)
12 Climbers' aid ordered in Barset (8)
13 Colouring-matter of orange or tan to a mixer (6)
15 Plainly, a Spanish precipitation (4)
16 Who used it for a mutterer? Pa, perhaps! (3-7)
19 Kid's break—place for putting jam (10)
20 Constable's wagon? (4)
23 Like the Milky Way? Start to stare and linger (6)
25 Missile socially acceptable—official news item (8)
27 Gets better, as does the upholsterer (8)
28 Lying comfortably, follow to encircle the flag (6)
29 Keeps unusual dialects (8)
30 As coarse as those dogs with long tails, we hear (6)

DOWN

1 Mountaineer should be clear-headed and flexible (7)
2 Court-card? (9)
3 This edible root is hard to crunch (6)
5 A pitcher for the orchestra? (4)
6 Lower language in Cannes, say (2-6)
7 It is not fitting to have pinta spilt (5)
8 Where, in France, Edith can be found in retreat (7)
11 Opening reader's roughly-pasted leaves (7)
14 Aloof—set in a superior position (5-2)
17 Gimcrack, having gap thinly disguised (9)
18 Deeply impressed and serious in ambition (8)
19 Somehow, tragic's the word for inner man's trouble (7)
21 Home shared by devoted sisters? (7)
22 Trail for Maigret for example (6)
24 First capital gains tax of course (5)
26 Spoken half of Beethoven's sixth? (4)

The solution to last Saturday's prize puzzle will be published with names of Puzzle No. 4,943

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Trapped in a virtuous circle

IF A country, whose exports are highly competitive, is prevented from selling abroad by artificial means its exchange rate will tend to move in a direction which increases its competitiveness.

This scientific-sounding principle is one of the factors influencing the international value of the Japanese Yen. Last week, when the OECD predicted that Japan's current account surplus would rise from $4.8bn in 1981 to $6½bn in 1982 and to $20½bn in 1983, the Yen touched a 28-month low of Y264 to the U.S. dollar.

The forces which support the principle are self-evident. Were it not for a variety of restraints on the export of Japanese textiles, steel, television sets, bearings, motor cycles and cars, those exports would be that much larger and the Yen proportionately stronger.

The impact of these restraints spills over into investment flows as well: fears that protectionist measures against Japan will proliferate deters investors from buying Yen. And attempts by Japan to defuse protectionist sentiment by direct investment in overseas markets add to the export of capital which is the key reason for the Yen's chronic undervaluation.

Formidable

The principle is just one facet of the virtuous circle which now makes Japan such a formidable contender in world markets. The country responded to the oil shocks with such industrial flexibility and with such technological flair that it now has reserves of competitiveness as well as a low inflation, low interest rate economy.

Yet the factors already mentioned—and, for the moment, investment outflows seeking the high interest rates available in the less healthy Western economies — prevent the exchange rate from imposing the sort of handicap to which Japan should really be playing.

The OECD report on Japan spells out quite forcefully how Japan's "problems of success" are due much more to the country's impressive industrial performance than to the inscrutable techniques of non-tariff protectionism so often blamed by other Western countries. The report points out that while "the multi-layered distribution system makes access to the Japanese market difficult, not only for foreign companies but also for domestic newcomers, it should be noted that successful foreign products in Japan are often distributed in a very efficient way."

The recent, rapid growth of imports to Japan of manufactured goods from developing countries suggests to the OECD that sales into Japan are more influenced by competitiveness than by non-tariff barriers. This conclusion is supported by the rapid rise in imports of manufactured goods which accompanied the marked strengthening of the Yen in the 1977-78 period.

Marketing

It is true that the sort of sophisticated products which other Western countries would like to sell to Japan can benefit less immediately from any sudden improvement in competitiveness: they need careful marketing and well established service networks.

But here again the OECD demonstrates how Japan has simply tried harder than its Western trading partners. The number of Japanese business offices overseas has doubled in the last decade and the number of people working in them has tripled. Meanwhile the number of both foreign business offices and their employees, in Japan has remained virtually unchanged.

In such a topsy-turvy world, where a country's deserved economic successes conspire to weaken its exchange rate and make it more formidable still, it is not surprising that the OECD finds it hard to be constructively critical. Japan cannot apply monetary stimulus to its economy without weakening its exchange rate further. More import promotion might help a little, but it will not address the heart of the problem.

The dollar at Y260 is another painful side effect of the high interest rate regime to which the West is now subjecting itself. It can only wait for this side effect to pass—for a sudden inversion of sentiment when the lure of yen appreciation overshadows the yield on dollar deposits. But even when the yen is climbing past Y200 to the dollar the West will still have its work cut out to make inroads into the margin of competitiveness which Japan now has won for itself.

The reshaping of world industry

ONE OF THE illusions which has been punctured by the present recession is the belief in size and diversification as a way of protecting a company from the ups and downs of world markets. Many of the acquisitions which took place a decade or so ago were inspired by this belief, coupled with a degree of over-confidence about the ability to manage a variety of different businesses.

As it turned out, the benefits of "synergy" proved elusive. Many companies allowed their ambitions to outrun their financial and managerial resources. Now, in the face of high interest rates and sluggish demand, they are being forced to cut down to a size and product range where they can be profitable and competitive.

The most celebrated victims are those, such as Massey Ferguson, International Harvester and AEG-Telefunken, which delayed the adjustment for too long. Massey Ferguson has found that the switch from farm machinery into construction equipment was far more difficult than it had expected. International Harvester has already sold its gas turbine subsidiary and is now seeking a buyer for its construction equipment interests.

AEG, if it survives at all, will be stripped back to the core of activities, mainly in capital goods, where its market position and technology are strong. All three companies had been trying to do too much. They did not recognise soon enough the need for surgery in the weaker parts of their empires.

Even companies with much greater financial strength have felt the same need to concentrate their efforts. Ford Motor Company in the U.S., for example, is discussing the possible sales of its Rouge River steelworks to a group of Japanese companies led by Nippon Kokan.

Logical

Evidently, Ford does not have the capacity both to undertake a huge investment programme in the automotive business and to carry through the necessary modernisation of the steelworks. For Nippon Kokan, one of the leaders of the Japanese steel industry, the Rouge River plant would provide a logical means of establishing itself directly in the U.S. market. This is the kind of realignment which is likely to contribute to higher productivity.

The same process has been taking place in western Europe and especially in the UK.

There are a few remarkable success stories among British owned conglomerates, but the tendency in the last two or three years, especially in engineering, has been for the larger groups to divest themselves of activities which are peripheral to the main business and which require a disproportionate amount of management effort.

In some industries economies of scale in manufacturing have made the emergence of very large companies seem unavoidable. But even here there are signs of a shift away from the huge single-product factory which needs to be run continuously at or near full capacity. Smaller and more flexible plants, run at low cost and serving a local market may not necessarily suffer a cost disadvantage; the emergence of the mini-mill in steel is one example. The small specialist is often quicker on his feet than the diversified giant.

Disadvantages

There will, of course, continue to be pressures in the reverse direction. Managers of successful companies are always prone to empire building. Moreover, in an age when so much business is directly or indirectly influenced by governments, companies like to be able to support their lobbying efforts with financial and industrial muscle. Yet the disadvantages of size are now sufficiently evident to make bankers, investors and boards of directors pause before sanctioning large-scale acquisitions, especially if they take the company into a new field.

Fifteen years ago public policy in the UK was consciously aimed at the creation of large companies which could compete against the giants of Japan and the U.S.; now the emphasis, rightly, is on encouraging small companies. The fear that European civilisation would be submerged by the all-conquering American multinationals has turned out to be misplaced.

Size may give the illusion of power, but it is no guarantee of survival.

Nationalised Industries: Results Compared

All figures £m	BNOC 1981	BNOC 1980	British Gas 1981–2	British Gas 1980–1	Post Office 1981–2	Post Office 1980–1	National Bus 1981	National Bus 1980	Brit. Shipbuilders 1981–2	Brit. Shipbuilders 1980–1	Electricity Council 1981–2	Electricity Council 1980–1	British Rail 1981	British Rail 1980	National Coal Board 1981–2	National Coal Board 1980–1	British Steel 1981–2	British Steel 1980–1
Turnover	5,752	4,323	5,235	4,295	2,497	2,168	618	582	1,026	899	8,057	7,112	2,899	2,636	4,728	4,187	3,443	2,954
Current cost pre-tax profit/loss*	375	268	360	386	96	23	(21)	(34)	(41)	(43)	(80)	(272)	(164)	(200)	(648)	(431)	(488)	[illegible]
Total funds generated from operations	486	446	937	902	146	78	38	12	23	(26)	1,592	1,270	166	93	276	161	(145)	(554)
Capital expenditure	263	216	515	514	79	60	34	40	37	17	1,770	998	197	222	722	736	164	148
External financing limit	n/a		49		0		75		150		−145		920		1,238		730	
External financing, actual outcome	n/a		39		−13		74		146		−221		960		1,225		694	

* After interest, before tax and extraordinary items.

Source: Annual Reports

Nationalised industries: sorting out the figures

By John Plender

"THE ROSY-TINTED prospectus must be set against the reality of past performance." So said Mrs Margaret Thatcher in a characteristic attack on the nationalised industries in a speech at the Confederation of British Industry's annual dinner last year. No one could deny that there have indeed been areas in which public sector performance has fallen short of expectation. But should the nationalised industries be uniformly tarred with the same brush? And how far should scepticism be modified in the light of this year's results?

All the major nationalised industries have now published their annual reports with the exception of British Telecom, whose accounts are due later this month, and British Airways, which is troubled and far behind schedule: its report is unlikely to appear before October. The key financial figures are shown in the table, where the main nationalised industries are displayed in order of declining real profitability.

The profit figures should, however, be taken with a strong pinch of salt. Not least because the profit is expressed in an incomplete form of current cost accounting which excludes any form of gearing adjustment. That is to say, revenue has usually been depressed by high nominal rates of interest that partly compensate the lender (mainly the Government) for the fall in capital value of the related debt; yet the benefit to the business of financing assets with borrowed money that costs less over time to repay in real terms is not brought into the revenue account.

If the Electricity Council, which has a huge burden of debt, had used the same form of current cost accounting as private sector businesses, its loss would have been turned into a profit of £104m.

As well as having different capital structures, nationalised industries apply widely differing accounting principles. To take a single example, if British Shipbuilders had charged redundancy payments above the line in the same way that National Bus does, its results in recent years would have looked very much worse.

Still more important, subsidies, grants and other forms of state support are treated in different ways. British Rail regards its £810m Public Service Obligation grant as a receipt for services rendered and includes it in turnover; the National Coal Board takes credit for operating and social grants of £147m before striking its pre-tax loss and also includes a £428m government grant below the line to cover its post-tax deficit; and at the other (profitable) end of the scale, the cash-rich British Gas Corporation charged the Government's gas levy, which rose from £129m to £395m last year, in arriving at its current cost pre-tax profits. This underlines

the shortcomings of the profit concept in considering the performance of state-owned businesses.

The one figure which is more or less comparable between industries and not easy to fiddle is the external financing limit (EFL), a key element in the framework of financial discipline that the government imposes on public sector management. The target and the actual outcome are a shorthand expression of the financial relationship between individual industries and the government. A minus figure in the table means that the corporation concerned made a net contribution to the Exchequer: positive figures indicate a drain on it, with consequent additions to the public sector borrowing requirement (PSBR).

Excluded here is British National Oil Corporation, where limits are academic. The only question is the size of the contribution of the Exchequer. Last year the government's take from BNOC in supplementary petroleum duty, petroleum revenue tax and corporation tax amounted to £362m.

That said, some broad conclusions can be drawn about nationalised industry performance. At the revenue-generating end of the scale, monopoly businesses such as British Gas and the Electricity Council have had little difficulty in coping with the financial targets set for them by the Government. For gas, the aim is an average current cost annual return before tax and interest of 3½ per cent on average net assets in the three years to 1982-83; in the first two years the corporation is on target. For electricity, the target is an average return of 1.7 per cent on current cost net assets. The industry expects to meet it.

All this begs the question, however, of whether the targets make sense. Scepticism is reinforced, given that success appears often to have been won at high cost to the consumer—and not necessarily through the fault of the industry concerned.

Some of the big monopolies have been forced to impose an inflationary burden on society

The pricing structures of gas and electricity have to be seen against the background of the Government's own policy of economic pricing of energy. Moreover, management's discretion on prices is now extremely limited.

In 1981-82, the Government required domestic gas prices to rise by 10 per cent more than the rate of inflation: so, too, in 1982-83. This is reflected in the industry's financial targets. Similar pressures affect electricity. Sales have fallen below forecast because of the recession, so the financial target could only be met, the industry argued, by raising prices. In fact, the industry had doubts about raising prices when profitability in the private sector was under severe pressure. But the Government did not accept its argument for a reduction in the target return for 1982-83 and, did not concede much in the compromise over a revised EFL that was ultimately hammered out.

The paradoxical result, with both electricity and gas, is that the part of the public sector that generates most cash is forced to do everything it can to bring down the PSBR, which the Government regards as central to its counter-inflation strategy; yet because the system of external financing limits and financial targetry is indifferent to whether targets are met through price rises or cost cuts, the industries are adding to the rise in the general price level.

Some of the big public sector monopolies have thus been forced to impose an inflationary burden on society while simultaneously being pilloried by ministers for doing so. Alternatively, targets are met only at the cost of reductions in service, as at National Bus.

In the meantime, relatively little political comment is directed at those figures in the annual reports that tell something of the level of productivity in the underlying businesses.

In the case of BNOC this does not matter over-much. Pricing decisions on North Sea oil are made in the context of a world market. The Treasury may not feel happy when North Sea prices have to be reduced when demand weakens, but few in Whitehall doubt that BNOC's judgments on pricing over the past year or so have been realistic. And the corporation has been operating in a highly competitive business.

The story is different at electricity, however, where it is difficult for the layman to establish how efficient the industry is, or how far productivity has really improved from one year to another. A reduction of more than 8,000 in the workforce last year suggests that serious efforts are being made to cut costs. But the marked disparities in financial performance between area electricity boards suggest that there are some parts of the business where there is scope for improvement.

At British Gas things are a little further advanced; there is a rudimentary performance target of a 5 per cent reduction, in real terms, in net trading costs per therm of gas sold in 1982-83 compared with 1980-81. And in the Post Office, performance targets have existed for some time.

For the past four years, it has been required to peg both the real unit cost of handling business and real prices, but has overshot by 4.7 per cent on costs and 3.5 per cent on postal prices. Most of the overshoot came before 1981-82, and the increase in the Post Office's profits this year reflects some genuine productivity gains, including staff cuts and reduced overtime.

The longer-term record is scarcely impressive though. Since 1973, overall mail volume has declined by 8 per cent, while tariffs have increased, in real terms, by 31.5 per cent. Staff numbers have increased by nearly 3 per cent over the past 10 years and, the increase in the cost of total pay outstripped the rise in the retail price index over the same period.

With the loss-making businesses, both the operating and financial performance can be difficult to gauge. British Shipbuilders, for example, boasts about successful measures taken towards establishing a viable business and claims to have produced a result well within its financial target of a £25m loss. Whether the figures tell the full story, however, is open to question, since the auditors have qualified their report in relation to £127m-worth of provisions on contracts.

British Rail's report is full of indications of an apparently aggressive hunt for productivity: the locomotive fleet has been reduced by more than 7 per cent, passenger coaches by over 10 per cent and freight vehicles by more than 26 per cent, while passenger miles are down 3 per cent and net tonne miles for freight have fallen by 0.8 per cent.

Staff has been reduced over the year from 240,000 to 227,000. Yet real profitability remains curiously elusive; targets have been missed (and will be missed again in the current year because of the dispute with ASLEF); and the age of the train—or more specifically of 66 per cent of the fleet of electric and diesel multiple unit trains—is between 20 and 30 years, implying continued erosion of the physical capital of the business.

Nowhere is the gap between apparent productivity and real profitability wider than in the case of the National Coal Board. Direct subsidies and production costs per tonne were, the NCB claims, much lower than in West Germany, France and Belgium. Productivity, as measured by several of the Board's performance indicators, is at its highest-ever level. But to what end? Only two out of 12 of the NCB's deep mining areas made an operating profit last year and huge losses per tonne were recorded in South Wales, and, to a lesser extent, Scotland and the North East. How long will the Government allow the industry to enjoy this unique degree of protection from economic reality?

By contrast, the bull has been taken by the horns at BSC, where the workforce has been halved over the past five years. Last year each tonne of liquid steel took 9.6 man hours to produce against 14.5 hours in 1980-1981 and 13.2 in 1979-80. The decline in losses speaks for itself. Sadly, BSC's efforts have been rewarded by anti-dumping hostility from the U.S. and flat home demand. The pain in steel is far from over.

Men & Matters

Shearing at wool H.Q.

With what appears to be an odd sense of timing the London-based International Wool Secretariat has fired all six of its public relations staff at a moment's notice.

Ken Gofton, the director, and his team have been told by Dr Gerald Laxer, the New York-born managing director of the IWS, to clear their desks at once.

Poor timing? Well, the firings have coincided with a statement by Royal Naval medical specialists that burns suffered by men on HMS Coventry, sunk in the Falklands, were more severe for those wearing protective clothing made from synthetic fibres than from natural wool fibres. Just the sort of information that ought to attract a lot of publicity for wool. Who is going to attract it now?

The IWS, which has branches in 30 countries, has had at least one previous purge. Two years ago Dr Laxer conducted a cost-saving operation within the organisation that earned him the name "Laxer the axer" in the Australian press where they have a way with words.

Dr Laxer who is himself nearing retirement, says that the chopping of the organisation's international public relations staff has to be seen against the needs of the organisation.

"Things are changing," he says, "The department was established to give feed-back to the growers, our sponsors in Australia, New Zealand, and South Africa. But now we need a different approach, a change of direction. We need to get at the decision-makers in the grower countries."

Laxer, a textile chemist with a doctorate from Leeds University, is the first non-Australian director of the IWS.

His in-house changes come at a moment when the U.S. textile industry is starting to take a new look at wool.

Some strategists in the industry believe that an increase in the IWS's £50m annual budget to exploit the massive U.S. market is the right way forward.

The IWS is at present in delicate negotiations with its sponsors to raise its spending, partly to fulfill future ambitions such as bigger U.S. sales, and partly to counter the new generation of super-synthetics which is coming along.

Sales notes

Overheard in the bar chatter after a highly satisfying end-of-season performance at Glyndebourne was fulsome praise for the enterprise of the French producers of Cointreau in sponsoring the new production of Love of Three Oranges.

Other companies whose donations and advertising help top up the Glyndebourne £650,000 box office takings to make the theatre self-supporting might consider dedicating their support to "appropriate" productions.

The Rake's Progress should have obvious appeal for Gordon's Gin. How about The Barber of Seville for Gillette, and Carmen for Imperial Tobacco?

The Marriage of Figaro should suit Moss Bros. And Lucia di Lammermoor might be seen as a suitable promotion for Valium by Hoffmann-La Roche.

Pot luck

Until now it has not been possible, even in Amsterdam, to obtain financial indemnity against the consequences of breaking the law. Dutch cannabis users may therefore be on to something new with an insurance scheme which guarantees "pot" smokers against seizure of their supplies by the police.

The "Free Stuff Foundation," which campaigns from its base in Groningen for decriminalisation of the use of hashish and marijuana, has begun to issue policies to users of both "soft" drugs. It will insure them against the seizure of up to 30 grammes of cannabis—the most which can be found on a person without his being charged with dealing.

Maximum damages under the law are £51 for hashish and £32 for marijuana. The insurance premiums so far are only £2.50 a year.

"Free Stuff" says that 10 policies have already been issued, with many others certain to follow. Rival schemes from the big Dutch insurance companies are not expected. And there is even less likelihood they will follow "Free Stuff's" next proposed venture: insurance for "pushers."

Bored bill broker

"Frankly I'm bored to the teeth with monetarism, which I suppose a bill broker ought not to say," admitted Peter Lee yesterday. At 57 he is retiring as managing director of Union Discount, the City's largest discount house, where he has been the number two man for several years.

He developed his theme, "You could say I'm slightly out of sympathy with monetarism—and people treat it with so much reverence you would think it is like Newton's law of gravity—which it isn't."

The new monetary control instruments which were brought in just a year ago have altered the ways of the market. Not everyone has liked the change. Discount houses have been given more scope for their own judgment about the direction of interest rates. It has proved a more interesting market for some. But evidently not for Lee.

He has been responsible for building up Union's company clients list over the last 15 years. The fun, as he recalls it, lay in having to approach companies at the very top level. "But now the level of contact has been downgraded as companies have learned about the market. Younger men can be allowed to get on with it."

Young will stay in the City. He will not be working in the discount market. But he gave me a hint of his future interests pointing out there are plenty of non-sterling money markets to interest an old-timer like himself.

Parlour game

Did Peter Walker realise at the time what his reform of Britain's local government would do to the fabric of life?

The mayor of Llandrindod Wells, a spa town in the Welsh hills, is soon to find himself without a parlour. He and his entire town council are being evicted from the town hall by another council which wants to let the building for offices.

Mayor Ivor Hughes and the 13-strong council, together with their town clerk, have been told to quit the town hall by Radnor District Council which owns it. Radnor District was the local authority that came out top in those parts in the local government reorganisation.

The town council has been offered a resting place in another part of the town and has agreed to take it "with reluctance" to avoid legal proceedings.

"But there would have been no harm in letting us stay there. It is the only town hall we have," said Mayor Hughes as he packed his regalia. "Radnor has offered us two rooms. What we want is the council chamber in a proper town hall where a town council should be."

Observer

URBAN DEVELOPMENT PROGRAMME

How America creates jobs

By Robin Pauley

OVER A quarter of a million new jobs have been created in some of the most socially and economically deprived inner city areas of the U.S. over the past four years through a remarkably creative $15bn combination of government grants and private sector investment.

So successful has been the Urban Development Action Grants (Udag) scheme that Britain is now trying to copy it. In the U.S. the programme has become so popular that queues of projects, invariably initiated by the private sector, bid for money at each quarterly disbursement.

The statistics are impressive: since the scheme's inception four years ago the U.S. Government has paid out $2bn in grants to 1,300 joint development projects between local authorities and the private sector in depressed urban areas. The private sector contribution has been $13bn. Recent examples include:

● In Detroit, Michigan, a $625,000 Udag grant will help Coca Cola finance a $2.9m expansion. The company will acquire four pieces of land near its Detroit premises to build a 35,000 sq. ft warehouse. The grant will be on-loaned by the city to Coca Cola and repaid at 10 per cent over four years.

Inner city unemployment: queueing for the dole in Detroit.

Five construction jobs and four permanent ones

About 100 permanent new jobs will be created, of which 85 per cent will be made available to minorities.

● In Baltimore, Maryland, an $850,000 Udag grant will help Rockland Industries relocate from its present flood-prone site to a building which will first be renovated. The scheme will improve the company's efficiency and allow it to retain 280 jobs. Over 60 construction jobs will be created by the scheme, which will cost Rockland $4.9m.

● In Hominy, Oklahoma, a $90,000 grant will be added to $233,780 of private funds to build new pavements, kerbs and gutters in the central business areas. Five construction jobs will be created and four permanent ones.

The British Financial Institutions Group (FIG) of 25 managers set up by Mr Michael Heseltine, Environment Secretary, to look at Britain's inner city problems after last year's riots was so impressed with the scheme that it persuaded Mr Heseltine to adopt it immediately on a copy-cat basis. The Government has allocated £70m of funds in the Budget for Udags next year and asked for first bids for the money by this September.

Although the money is waiting to be snapped up there has not been one application so far. The FIG managers drawn from City institutions and pension funds have been on a whistle-stop tour to urge councils and the private sector in Britain's city stress areas to get together and organise projects which will then be given some of the money. A number of schemes are now expected, including 10 from Birmingham.

The problem is not simply that the Udag concept is new to Britain and that projects take time to be organised, planned and set in motion—although that inevitably is part of the reason for the apparent lack of response. There is a much deeper difficulty—the traditional divide between public and private sector, the hostility rather than co-operation between commerce—the taxpayer—and councils, the tax levyer and spender.

In the U.S. there is a long tradition of co-operation, if not always agreement, between local government and local commerce and industry which recognises that they have common interests.

It is not unknown for commerce to argue for higher rather than lower local taxes so long as the extra revenue is used for a purpose approved by business — improving dilapidated urban transport systems, for example.

Such a tradition does not exist in Britain and creating a new spirit is going to be no mean task for FIG. But the potential rewards are substantial, as the U.S. experience demonstrated.

Mr Stephen Bollinger, a 33-year-old assistant secretary in the Department of Housing and Urban Development, is in charge of the Udag system. He explains that "our job is to go in with dollars on projects which would not otherwise be able to go forward and try to get the biggest bang we can."

This requires two elements: a small, highly professional team working through the applications and criteria which will ensure that projects which get grants will improve the economy and value of their area.

"We should help where there is a shared commitment between private and public sectors. But it has to be a strong project. We do not want to spend federal money building widgets which are going to be used throughout the world to take lint out of people's navels," Mr Bollinger says.

His entire team in Washington for Udags, including clerical staff, is only 68. Although there are some high-flying career civil servants in the programme he has recruited extensively from outside the bureaucracy and his senior team includes former vice presidents from Rouse, a major property developer, leading financial institutions and Amtrak, the railway network.

"Some have been good at packaging deals, some successful developers, some know banking backwards. It ends up as a small but incredibly skilled group.

"They drive the hardest bargain possible with the local authority and commercial developer at one end but simultaneously push the project for all hell to get it funded here. It is not unknown for my own men to be in tears if something goes wrong in the middle and a project has to fall out."

Udag was so politically successful when it was introduced that President Carter was keen to snap up the credit for it.

President Reagan has been urged to cut back on the programme by his anti-public spending colleagues but he is finding it difficult to do so.

Nevertheless, the emphasis has been changed. Originally the scheme involved a roughly equal three-way split in qualifying projects: neighbourhood housing; commercial; and industrial ones. That has been revised to give priority to schemes with job-creating potential. This means that housing has been downgraded, for although it provides short-term construction employment there is no permanent new work.

About 10,000 localities in the U.S. qualify for inclusion in the programme, some of them in seemingly prosperous parts. In wealthy Orange County in California there are so-called "pockets of poverty" which qualify on grounds of urban stress, dwindling population and poor employment prospects.

However, the features which qualify an area have recently been tightened up and the selection procedure for individual projects has been strengthened following criticism.

It has been claimed that some early grants were unnecessary subsidies replacing funds which would have been provided anyway by local government or developers. Some grants are said to have been made on the basis of questionable letters of intent and inaccurate financial data and projections. To counter this, the Washington team is now using local bankers to make on-the-spot investigations in questionable cases.

Other critics have charged that there have been unrealistically high claims for the number of jobs provided by projects or that they have not generated the additional tax revenue expected.

"We check all of this out much more thoroughly now and have very sophisticated underwriting methods," says Mr Bollinger. "We do all we can to make sure that the project is viable, will improve the local tax base and stimulate the local area economy."

Both the Carter and Reagan Administrations have been surprised at the success in attracting private money. The original goal was to attract three private dollars for every federal dollar, but the average ratio, or leverage, has turned out to be six private dollars to one federal.

The attraction of the system is that it moves fast. Although months or years may be involved in pulling the application together before submission, once it is in, the answer returns within 60 days.

Successful schemes go ahead immediately, although the Udag funds do not feed in until towards the end—so there is no possibility of federal money sitting in a project which collapses half way to completion.

"We are not up front—the local council and developer are. Our dollars are behind, but they are there in a contractual obligation, like collateral," Mr Bollinger says.

The Udag money can be used in a variety of ways—a direct grant to the developer, a loan, revolving loan, or an interest subsidy. Much of the $2bn disbursed by the federal Government—none of which it will get back—is in the form of grants to cities which then disburse loans to developers.

Mr Bollinger admits that there have been some problems, but stresses: "There are no examples anywhere of a Udag project which has gone ahead and then decreased the value of the area. That is what Britain should remember with its new scheme, which you are taking from us just as we are taking your highly imaginative Enterprise Zone scheme. It does not matter if you are starting with very little money—as little as $30,000 can spin off 40 or 50 jobs sometimes.

'$30,000 can spin off 40 or 50 jobs sometimes'

"Britain can learn from our mistakes and disappointments. But if I had to give one word of advice it would be to caution against expecting Udags to be an instant answer to the inner urban stresses of UK cities. It has not been that in the U.S. and cannot be. But it sets up the long term potential to provide some significant improvements."

Lombard

Mysteries of the money supply

By Max Wilkinson

ONE OF the more baffling aspects of the present debate about the need to give a stimulus to the UK economy is an uncertainty about how seriously the authorities take their own money supply policies.

The qualifications and caveats which officials employ to explain the policies have now become so broad as to be almost the verbal equivalent of a wink or a nudge in the ribs.

Even Sir Geoffrey Howe, that pillar of monetary rectitude, managed a spectral smile when he told a select committee of MPs last year that sterling M3, the broad measure of money, had been "accident prone" since he started setting targets for it.

However, in spite of some off-duty ribaldry in Whitehall at the expense of "monetary targetry" and several marked silences from the Bank of England, the fact remains that a broadly conceived monetary discipline is still the mainsail of economic policy.

One difficulty is to know how the authorities can interpret the subtle and changeable signs in the sky to enable them to trim the sheets correctly. The other is how the rest of us can have the foggiest idea of what they are doing.

This problem is just as acute now that the money supply at last seems to be under control. A recent analysis by Lloyds Bank shows that sterling M3 grew at an annualised rate of only about 8½ per cent in the seven months to mid-June. The Bank of England's latest estimate is that the annualised growth rate was about 10 per cent between February and July. These figures are comfortably within the Government's current target range of an annual growth of 8 per cent to 12 per cent. Moreover, M1, the narrow measure of money, now seems to be growing at only about 7 per cent a year — appreciably slower than the minimum rate.

What does this mean? At face value the figures would suggest that monetary policy remains tight and may even be too tight. One distinguished commentator has suggested that on this view, the authorities should now slacken off their funding efforts. This would give the economy a boost by allowing the money supply to increase and by applying a further downward push to long-term interest rates.

However, the figures cannot necessarily be taken at face value—a fact which the authorities repeatedly stressed during 1980 and 1981 when underlying "monetary conditions" were said to be much tighter than the inflated growth rate of official figures suggested.

If the changes in financial markets which distorted the picture then are still operating, one might conclude that the present monetary squeeze is extremely severe. This view might be supported by the recent behaviour of the latest measure of money, M2, unveiled by the Bank in June. M2 represents cash and those private bank balances which could reasonably be used for transactions—as opposed to large or long-term deposits regarded mainly as stored wealth.

M2 may therefore be closer to the "money" part of monetarism, than previous measurements. According to Lloyds Bank it grew at an annualised rate of only 3.3 per cent in the seven months to June—less than half the Government's minimum target rate.

Alas, this does not help much, for the Bank says M2 must do at least three years' probation before it can be issued with a full kit of seasonal corrections and pronounced fit for service.

Until then we shall have to be content with the blurred vision of speculative money afforded by the four current definitions. Some people say this does not matter because the authorities now regard the money supply as a Victorian child which can be ignored as long as it is behaving.

They say that practical policy is to lower interest rates so gently that there is no danger of toppling the sterling exchange rate over a cliff.

Even so, the published money figures do have important implications for fiscal policy and for funding. It would be helpful to know whether, apart from seasonal corrections, the authorities believe any form of credibility discount should be applied to the recent figures.

Letters to the Editor

Internationalisation of production and accountability

From the General Secretory International Metalworkers' Federation

Sir,—Contributions to the current debate about proposals to introduce a measure of consultation and participation between workers and management in the EEC seems to me to miss a crucial point.

And that is whether we are ready to increase our understanding of the extent to which our lives, as producers, consumers and citizens, are now dependent on economic, political and cultural forces which are no longer containable within the geography or historic consciousness of the nation state.

We have lived for centuries with the internationalisation of trade and banking but the internationalisation of production is only a recent, effectively a post-war, phenomenon. It is for that reason we have a GATT for trade and the other IMF for finance but no regulatory body for international investment and manufacturing.

Manufacturing companies operating purely within a national framework are expected to conform to national laws and regulations. Why should manufacturing companies that operate internationally not have to live with international law and international regulations? And can it be right to say that because of its international character a company should escape due responsibilities which it could not if its operations were limited to one country?

The EEC has provided a vast market free of tariffs that has enormously helped the growth of multinationals. Now, and in my view a little late in the day, there is a modest attempt to increase the overall accountability of those companies' managements.

Like every other reform whether it be the arrival of the SEC in America, the closed shop in Britain or co-determination in Germany the EEC proposals are being treated as if they meant the end of capitalism.

We shall see if that is the case. What I am sure of is that if the Vredling and 5th directive proposals are defeated then that will provide further ammunition for those who denounce the EEC as a capitalists' club and a lackey of the multinationals. Such defeat will encourage those who would like to see Europe retreat into nationalist, protectionist units in which economic and social progress would be rendered yet more difficult.

Herman Rebhan.
International Metalworkers' Federation,
Route des Acacias 54 bis
Case postole 325
CH-1227 Geneva, Switzerland

Transport in London

From the Secretary, Movement for London.

Sir,—Hazel Duffy's informative analysis (Lombard, August 6) of the weaknesses of the Commons select committee's report on transport in London, doubted the proposed new metropolitan transport authority's (MTA) ability to tackle London's fundamental transport problems.

While the exact constitution of the MTA will obviously be the subject of debate, we support the proposal in principle because the present administrative arrangements have failed to plan adequately the capital's transport system.

Most people would agree that Greater London Council does not function well as London's strategic transport authority—a fact that is reflected in David Howell's indication that he will legislate this autumn to take control of London Transport away from GLC. Also we would argue that the politicians at County Hall have repeatedly failed to implement long standing plans for improvements to the metropolitan road network which is the direct responsibility of the GLC.

Some change in the administrative framework that governs the transport infrastructure in London is therefore essential. The proposed MTA would have two important advantages over the present arrangements. The first would be a more consistent approach to transport planning avoiding the abrupt changes in policy due to changes of political control. The second advantage would be the enlarged franchise of the MTA which would be more relevant, covering both the GLC area and the greater part of London's "commuter belt."

Furthermore the MTA should be in a stronger position than either the Department of Transport or GLC to obtain sufficient financial support from central government to invest in the road and rail networks. With a number of the new authority's members appointed by the Secretary of State, the Government would be tacitly recognising the select committee's claim that London's transport needs must be regarded as a "national priority," and that large amounts of money must be spent to remedy the situation.

The select committee has made a thorough and painstaking survey of London's transport needs and sensibly looked beyond the question of the financing of London Transport. With the most perfect of public transport systems, there would still be the need for substantial investment in London's roads—not least to ensure that bus services run efficiently. The proposal for a "roads priority action programme," which will run in tandem with the "London public transport action programme," is to be welcomed as it will provide the roads' infrastructure necessary for a modern capital city.

Schemes like the west London relief road around Earls Court and Chelsea could now be put back in the programme; it is only by building such roads that local environmental relief can be obtained and mobility for passengers and freight can be increased.

As the report concluded, London has consistently had a significantly lower expenditure on its roads than the rest of the country. For instance in 1978-79 spending on new and improved roads in London was £4.17 per head in the GLC area compared with £14.13 in the south-east and £13.02 in the UK outside the south-east.

In our evidence to the select committee we proposed an expenditure programme of £2.5bn over 15 years at 1979 prices. This averages out at £166m pa. which is similar to the sum spent on Welsh roads between 1977-79, and considerably less than the £207.9m spent on Scottish roads in the same period.

It is to be hoped that the Secretray of State will take heed of this report's recommendations. They are the result of the first comprehensive attempt to analyse London's total transport needs. With the support of central government the report shows the way towards a less congested, more efficient and pleasant environment in London.

Jeremy Hawksley.
Movement for London,
Fifth Floor,
388-396, Oxford Street, W1.

Co-operation in Europe

From Mr D. Benda

Sir,—Your leader "Co-operation in electronics" (August 5) fails to indentify the underlying cause of Europe's failure to establish itself as an assertive international force—on a political, economic or, as is the case of electronics, on a technological level. There simply is no "common purpose Europe" as there is for the U.S.A. or Japan. The geographical proximity of EEC member states and the large and growing bureaucracy in Brussels are no match for the monolithic giants to the west and east of Europe. The unity of the EEC, so often proclaimed loudly in official statements, is only superficial and as such cannot withstand the test of reality. One could quote numerous examples of such failures including the one which you give.

The only way which could lead to a full realisation of Europe/EEC's potential is a comprehensive unification with the complete transfer of legislative and executive powers to truly European institutions. Nothing less than this arrangement of affairs will make Europe what the U.S. and Japan are today.

One fears, however, that this may be too much of a task for European politicians who, lacking vision and impotent to lead, only hide behind a veil of platitudes on the theme of unity. I fear, therefore, that the Esprit project will come to an end similar to that encountered by other projects designed "strengthen" Europe. This will be not because of an unwillingness on the part of those companies taking part but because national factors still strongly outweigh the considerations required for a truly European solution.

D. M. Benda.
48 Kings Court,
Bishop's Stortford, Herts.

No conversion for gas

From the Chairman British Gas Corporation

Sir,—Your "Men and Matters" column (August 3) stated that I was one of several people who had bought a specially converted Ford Granada from the Lancashire firm of Coleman Milne. Some of the cars were reported to be armour plated and bullet-proofed. I wish to make it clear that I have never purchased such a car and I have no intention of doing so.

(Sir) Denis Rooke
Rivermill House,
152 Grosvenor Road, SW1

Johnson Matthey Bankers advances

Johnson Matthey Bankers, the banking and bullion-dealing subsidiary of the Johnson Matthey Group, increased pre-tax profits from £11.63m to £16.65m for the year ended March 31 1982.

Towards the end of the year, the issued share capital was increased to £40m by the capitalisation of £10m from reserve, and at the year-end shareholders' funds amounted to over £71m.

The 1981-82 pre-tax profit performance was a record for this banking group, exceeding the previous best performance of 1979-80, the boom bullion year, by 15 per cent, and last year's figure by 43 per cent.

In the parent bank, good results were derived from bullion dealing, in spite of relatively quiet conditions in world markets, and significant strides were made, and high earnings growth was achieved, by the general banking division.

The UK metal-trading subsidiary, an LME ring-dealer, performed well in extremely dull markets, and the overseas bullion-dealing subsidiaries in Hong Kong and New York produced excellent results, the latter company's performance being achieved in its first full year of operation.

Unigate hoping for real progress

DESPITE SERIOUS problems, most of the Unigate group remains sound and vigorous, Mr John Clement, the chairman, says in his annual statement. "I am hoping for real progress in report next year," he tells shareholders of this broadly based consumer and industrial service group.

Mr Clement says the group's undoubted successes during the past year were eclipsed by a major setback in its traditional meat processing businesses and by the disastrous winter blizzards which affected all Unigate activities.

As reported on July 16, Unigate's pre-tax profit for the year to March 31, 1982, was £38.3m, up £300,000 on the previous year. Turnover advanced from £1.35bn to £1.5bn.

Mr Clement comments: "Our result, a virtual standstill compared with last year's disappointing performance, was hardly one in which I can take pride; but it is important to look at it in perspective."

He says losses in the group's meat operations are largely responsible for the "unsatisfactory" 12 per cent trading profit on trading capital employed.

"We are determined progressively to raise this figure and to deal with underproductive assets," the chairman states.

This determination was exemplified by the closure of Scot Meat Products' factory at Bletchley, the cessation during the year of parts of Giltspur Motor Industries, and the disposal of the Excelsior Plastics and Central Distributors businesses of Wincanton Engineering.

He says "Principal priorities for the current year include the reconstruction of our meat businesses, using our considerable management and financial resources to best advantage. There are political and regulatory problems to tackle in our UK milk operations and all our businesses will continue to battle against a world-wide recession.

"Over the course of time we plan to increase our non-milk operations. Meanwhile, the merged St Ivel division continues to be a bulwark and our recognition of the need to support and bolster its profits is clear from the £32m spent during the year in the division on increased plant efficiency and expansion," says Mr Clement.

St Ivel is now based in new offices in Swindon, Wiltshire, with a new £26m factory in nearby Wootton Bassett due for completion in 1984. This has enabled Unigate to close the 101-year-old factory in Melksham in phases starting in 1983.

The operational review in the annual report blames increasingly difficult meat markets and overcapacity for the troubles of Bowyers (Wiltshire), which made a loss of £3.5m. Firm management action has begun to rectify the situation, which includes the development of a wider range of added-value products as well as significantly improving productivity and operating efficiency.

Elsewhere in Unigate's meat holdings division, Turners Turkeys and new acquisition Clipper Seafoods have both shown strong growth potential.

The Wincanton transport, garages and engineering operations have together achieved a record year despite difficulties in the private and commercial vehicle markets.

Meeting, The Dorchester Hotel, W, September 9, noon.

Better year expected by CHI chairman

DESPITE THE unfavourable economic climate, Mr Tim Hearley, the chairman of C H Industrials says in his annual statement to shareholders that overall, he expects the current year to be more satisfactory.

As previously announced, pre-tax profits for the year to April 3, 1982 tumbled from £701,000 to £41,000, on turnover of £13.42m, against £14.78m. The dividend for the period is being cut from 2.42p to 1.4p per share.

The group structure is being reorganised into three divisional companies encompassing building chemical products, property development and investment and general industrial interests.

Mr Hearley believes further progress will be made within the building products division and he expects the property division to contribute profits at a higher level than last year. The general industrial side, however, is expected only to make a small contribution to group profits.

Through property sales and other actions planned during the current year, short term borrowings will be reduced and the board intends to ensure that total borrowings are kept to an *acceptable level in relation to* shareholders' funds.

At the year end, group shareholders funds totalled £5.93m (£6.02m). Net current assets dropped from £2.07m to £0.86m, while bank overdrafts were higher at £2.93m (£0.76m).

Meeting, The Inn on the Park, W, September 9, at 11.30 am.

Personal pensions hold sales growth

BY ERIC SHORT

GENERAL insurance business in the UK is going through a sticky patch as the first composite assurance companies' reports on half-year results for 1982 illustrate clearly.

In contrast the life assurance side appears to be holding its own in spite of the continuing recession, according to figures last week by the three life associations—the Life Offices Association, the Associated Scottish Life Offices and the Industrial Life Offices Association.

Annual premiums on individual life business and personal pension contracts increased 5 per cent compared with the first half of 1981 from £461m to £486m. Single premiums rose 15 per cent from £631m to £724m.

Such figures are quite modest although they seem glamorous alongside the poor general insurance results. But they show that life and personal pension sales have held their growth of recent years.

A more detailed analysis of the figures shows a variant growth pattern between the different sectors with some parts doing well and others remaining *stagnant*.

One growth area is personal pensions, sold mainly to the self-employed but available to employed people not in a company scheme.

This Government has encouraged the self-employed to set aside more of their earnings towards their pension by giving them substantial additional tax concessions on contributions. Sales of personal pension contracts have risen steadily since the 1980 Finance Act which contained the first batch of concessions.

First-half figures for these contracts showed annual premiums up 21 per cent from £73m in 1981 to £88m and single premiums up 23 per cent from £117m to £144m. Such figures show there is still plenty of growth in the personal pensions sector.

The growth in annual premium pension business was equally strong in both traditional contracts and unit-linked schemes, but linked schemes maintained a much higher rate in single premium business, rising 48 per cent from £25.1m to £37.2m.

More than one third of new annual premiums in personal pension business and more than one quarter of single premiums now come from the unit-linked side.

In contrast the growth in life business transacted by the linked side showed considerably in the first half after years of steady and sometimes phenomenal growth. Annual premiums at £99.5m were 12 per cent up but single premiums £286m were only 9 per cent higer than last year's record sales.

This deceleration in growth of linked-life business was seen in the half-yearly results of Hambro Life, the largest linked-life company in the UK. Its annual premiums rose 9 per cent to £35.6m, its single premiums by 2 per cent to £53.7m.

The market waits to see whether this slackening is just a pause in the steady growth of linked business or whether growth rates will be much lower in future because of competition with unit trust and other forms of savings.

Traditional ordinary individual life business was 3 per cent down from the first half of 1981, with new annual premiums amounting to £186m.

The mortgage market has remained dull in the period, really only starting to pick up last month, while the with-profit endowment seems to have lost its attractiveness as a long-term savings contract.

Industrial life business, involving the collection of premiums by agents from policy-owners' homes, has started to pick up after a stagnant year in 1981. *This sector, which traditionally* serves the blue-collar market, saw annual premiums rise 5 per cent to £112.8m, a modest improvement on last year's nil growth.

Of the handful of life companies to publish their half-year results, Equitable Life recorded a rise of one-fifth in annual premiums at the end of the scale, while at the other General Accident recorded a drop of 14 per cent.

Mercantile House offer for sale

The prospectus for Mercantile House's offer for sale of 6m new ordinary shares at 375p is published today.

Mercantile's shares were suspended in June, following the proposed acquisition of Oppenheimer Holdings, a U.S. financial services company. This acquisition was approved by Mercantile House shareholders at an EGM on Friday.

Applications for the new shares must be received by August 19. Dealings are expected to resume shortly after that date.

Stockbrokers to the issue are Cazenove. Receiving bank is National Westminster.

See Lex

Surmah payout awaits funding

An increased dividend of 4p against 1p net is recommended by Surmah Valley Tea for 1981, but this is subject to the receipt of funds from Bangladesh. The directors say that on receipt of the necessary funds, a further announcement will be made.

Pre-tax profit for the year doubled from £54,227 to £108,099 from turnover up from £733,196 to £904,218. There was a tax charge of £32,290, compared with £24,312. Earnings per 25p share climbed from 3.74p to 9.47p.

Share stakes

Wheyway Watson Holdings. Mr E. R. Jeynes, a director, has purchased 65,000 ordinary shares, increasing holding to 87,000 shares.

Altifund—Kuwait Investment Office holds 55,000 income shares (1.15 per cent).

Harfous Group—Mr. Michael Maimano has acquired 50,000 ordinary shares, increasing holding to 1,972,400 shares (9.2 per cent).

RIT—Mr Allard Jisknot, a director of RIT and of RIT and Northern, has acquired a beneficial interest in 5,500 ordinary shares of RIT. He has also acquired beneficial interests in 15,000 shares of RIT and Northern, and in 43,000 warrants of RIT and Northern.

J. Bibby and Sons—Tiger Oats and National Milling has purchased 34,090 ordinary shares in J. Bibby for the purpose of restoring its holding to 30 per cent of that company's issued ordinary share capital.

Burton Group—Mr Ladislas Rice, a director, has sold 25,000 ordinary shares.

Vinten Group—Mr A. R. McMath, a director, has disposed of 65,000 ordinary shares reducing holding to 2,200 shares (0.012 per cent).

Marks & Spencer—D. D. Sieff, a director, has disposed of 15,000 ordinary shares.

Avon Rubber Company—Max Morel (Nominees) have acquired 35,000 ordinary shares. Before this acquisition, it held 340,000 ordinary shares (just over 5 per cent).

BOARD MEETINGS

TODAY

Interims — Charles Baynes, Osreo Estates, Royal Insurance, Scottish Eastern Investment Trust.

Finals—Howard Shuttering, Impala Platinum, Reardon Smith, Vibroplant.

FUTURE DATES

Interims—	
American Trust	Aug 24
Charterhouse Petroleum	Aug 24
English and Scottish Investors	Aug 18
General Mining Union Corp.	Sept 2
Jeavons Engineering	Sept 7
Pincom	Aug 17
Ronuk	Aug 26
Trade Indemnity	Sept 14
Walmoughe	Sept 26
Yorkshire Chemical	Aug 24
Finals—	
Abercom	Aug 17
Boardman (K. O.) International	Aug 18
Dale Electric International	Aug 19
Dowding (Robert M.)	Sept 7
Garfield Foundries	Sept 1
Kavbeck	Aug 27
Reliance Knitwear	Aug 18
Seville Gordon (J.)	Aug 19

† Amended.

RESULTS AND ACCOUNTS IN BRIEF

STROUD RILEY DRUMMOND (textile manufacturer)—Results for year ended March 31 1982 reported July 20. Group fixed assets £2.6m (£1.84m). Current assets £6.42m (£4.51m), current liabilities £4.99m (£2.91m). Shareholders' funds £3.78m (£3.3m). Working capital increased £208,000 (£1,000). Chairman says order book in all divisions is at a very satisfactory level and substantially above that of a year ago. Meeting, Bingley, September 3, 11.30 am.

SHEAFBANK PROPERTY TRUST (formerly Wilson Peck)—Results for year to March 31 1982: profit £7,183 (£38,317 loss) including tax credit £4,453 (charge £351); earnings per 25p share 0.13p (loss 1.53p); attributable loss £22,357 (profit £105,209) including property subsidiaries profits £30,291 and music business loss £56,633 including all closure costs; extraordinary debits—including writing off goodwill—£1,221, closure of music business and related costs £37,435; minority £619.

CBC INVESTMENT TRUST—Gross revenue for six months to June 30 1982 £125,031 (£118,701); loan and bank interest charges £62,513 (£46,125); administration expenses £11,425 (£11,535); directors' fees £2,450 (same); tax £17,512 (£16,991); net revenue £31,121 (£23,649). Net asset value per 25p share 91.7p (142.5p); valuation of investments £2.59m (£2.99m). Interim dividend 3.25p net already announced.

MURRAY NORTHERN INVESTMENT TRUST—Results for year to May 31 1982 reported July 14. Investments £33.61m (£32.23m). Net current liabilities £5.66m (£0.14m assets). Debenture and loan debt £9.5m (£1.1m). Equity shareholders' interest £29.15m (£30.84m). Liquidity increased £2.52m (£0.51m decrease). Meeting, Glasgow, September 13, 10.30 am.

MAGNET & SOUTHERNS (merged joinery, doors and ancillary products)—Results for the year to March 31 1982 reported July 14. Ordinary shareholders' funds £103.77m (£88.77m). Fixed assets £63.22m (£57.61m). Current assets £83.57m (£74.01m), including bank balances £31.09m (£3.64m) and short dated Government stocks £10.13m (£3.13m). Current liabilities £73.64m (£51.39m), including bank overdrafts £10.29m (£2.28m). [illegible] Meeting, Manchester, September 16, noon.

OSPREY ASSETS—Results for period from June 3, 1981 to June 30, 1982: gross revenue £72,132, expenses £4,710, pre-tax revenue £67,422, tax £29,262. Franked income £5,560, unfranked income £63,329. Net asset value per share at June 30, 1982 was 29.77p.

LONDON INVESTMENT TRUST—Results for year to March 31 1982 reported July 22. Shareholders' funds £7.51m (£5.29m). Fixed assets £60,000 (£95,000); net current assets £4.02m [illegible]. Meeting, Chartered Accountants Hall, Moorgate Place, EC, September 9 at noon.

HAT GROUP (supplier of specialist services and materials)—Results for year to February 26 1982 reported on July 14. Shareholders' funds £29.67m (£19.62m); current assets £34.76m (£24.37m) including cash at bank and in hand £10.31m (£2.9m); net current assets £12.62m (£7.4m). Mr Alfred Bishop is standing down as chairman in November and his successor will be Mr D. M. Telford. Meeting, Wrington, Avon, September 7 at noon.

BURMA MINES—Dividends and interest, including tax credit, £68,341 (£72,639) for six months to June 30 1982. Underwriting commission £566 (nil), expenses £10,365 (£10,243), pre-tax revenue £58,642 (£61,341), tax £17,429 (£20,657). Net asset value per share 13.4p (16.6p).

ASTRA INDUSTRIAL GROUP (engineering, metals, leisure, property and investment)—Results for year to April 30, 1982 reported July 9. Properties £3.46m (£2.15m), other fixed assets £7.66m (£1.49m). Investment £0.54m (£0.2m). Current assets £4.02m (£3.71m). Current liabilities £3.28m (£2.72m). Shareholders' funds £7.42m (£5.18m). Meeting, Birmingham, September 6, noon.

ALLNATT LONDON PROPERTIES—Results for year to March 31, 1982 reported July 14. Fixed assets £47.43m (£44.57m). Current assets £3.35m (£1.64m). Current liabilities £8.25m (£4.76m). Shareholders' funds £36.86m (£31.36m). Chairman says current year's pre-tax profit will exceed £8.5m. Meeting, Winchester House, Old Broad Street, EC, September 7, noon.

ELECTROCOMPONENTS (distributor of electrical and electronic components)—Results for year to March 31, 1982 reported August 13. Shareholders' funds £33.07m (£26.32m); fixed assets £5.58m (£3.96m); net current assets £27.09m (£21.89m). Meeting: Great Eastern Hotel, EC, September 8, at noon.

RFD GROUP (cable components, defence, safety and survival equipment and textiles)—Results for year ended March 31 1982 reported July 21. Ordinary shareholders' interests £11.89m (£11.12m). Net current assets £5.85m (£5.28m). Net increase in working capital and cash £879,000 (£387,000). Net inflow of funds £2.09m (£109,000). Meeting, Winchester House, EC, September 17, noon.

DAEJAN HOLDINGS (property company)—Results for year to March 31 1982 reported July 15. Properties held for investment £85.09m (£52.99m)—properties held for trading £15.88m (£15.32m); current assets £7.2m (£5.96m); current liabilities £11.85m (£11.57m); loans £41.01m (£40.7m). Shareholders' funds £58.61m (£23.64m). A professional revaluation of group's UK properties was carried out at January 31, 1982 and a surplus of £33m over previous book values has been transferred to capital reserve. Meeting, Centre Point, WC, September 8, noon.

STOCK CONVERSION AND INVESTMENT TRUST (property, investment, insurance broking)—Results for year ended March 31 1982 reported August 12. Pre-tax revenue £13.01m (£10.99m). Investments £252.63m (£145.01m). Current assets £40.36m (£35.21m). Current liabilities £24.57m (£21.44m). Shareholders' funds £230.27m (£126.73m). Auditors point out that company has not estimated the amount of tax on capital gains, which would become payable should disposal be made, in the event of future sales of the properties or shares in subsidiary and associated companies at the amounts at which they are stated in the accounts. Meeting, Cafe Royal, W, September 8, noon.

PATERSON JENKS (manufacturer of food products)—Results for year to March 27, 1982 reported July 1. Group fixed assets £1.8m (£1.91m). Net current assets £3.75m (£2.73m). Shareholders' funds £4.62m (£4.3m). Increase in borrowing £298,000 (£53,000). Net increase in working capital £495,000 (£1.35m decrease). Compensation to former director for loss of office £20,000. Meeting, High Wycombe, September 8, 12.15 pm.

CAPITAL RESERVE FUND—Net revenue for year to June 29 1982 £29,261 (£27,612); no final dividend (same) making 3.5p (3.5p) for year. Earnings per share stated as 2.72336p (3.2274p). Tax £300 (same). Net asset value per share £14.955 (£13.2745).

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest renunc. date	1982 High	1982 Low	Stock	Closing price p	+or–	Net div.	Times covered	Gross yield	P/E ratio
‡‡	F.P.	—	45	37	Anglo-Nordic 5p	37		b0.88	2.0	3.4	20.6
‡‡	F.P.	—	82½	75	Antofagasta Hldgs£1	75		7.0	3.6	13.5	3.3
‡‡	F.P.	30/7	30	11	Argyll Foods Warr'ts	11		—	—	—	—
145	F.P.	—	46	34	Atlantis Res. Inc.	38		—	—	—	—
‡‡	F.P.	—	24	24	Betadin Holdings 10p	24		0.65	1.3	3.8	25.5
‡‡	F.P.	7/9	63	58	Bio-Isolates 10p	62		—	—	—	—
130	F.P.	—	43	38	Coleman Milne 10p	43		u1.5	3.3	5.0	8.9
‡‡	F.P.	28/11	106	86	Ecobra New Ord£1	89		bd4.8	1.8	15.6	4.3
‡‡	F.P.	—	63	57	Do. Ord	57		—	—	—	—
80	F.P.	—	61	48	Hadson Pet. Int. 5p	52		—	—	—	—
‖10	F.P.	17/8	182	160	Int'Europe Tech. 28p	160		b4.0	1.8	3.6	22.4
‖10	F.P.	6/8	60	49	Knight Cmptr Int 5p	48		bd1.6	8.0	4.7	15.6
‖137	F.P.	30/7	195	150	McCarthy&Stone	185		b5.75	2.7	4.4	11.1
‖125	F.P.	20/8	100	85	Mullions Elect.	89		b2.5	2.4	4.1	15.0
‡‡	F.P.	—	176	170	Pactrol Electronics	173xl		F2.6	—	2.8	—
‡‡	F.P.	—	21	20	RIT & NorthernWar'ts	21		—	—	—	—
‡‡	F.P.	—	38½	31	Rowe Evans Inv. 10p	31		—	—	—	—
‡‡	F.P.	—	13	10	Sheraton Secs 10p	11		—	—	—	—
‡‡	F.P.	—	44	37	Walker Alfred 10p	38		—	—	—	—
‡‡	F.P.	—	59	58	Yolverton Invs. 5p	58		b0.75	0.3	2.8	7.1

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest renunc. date	1982 High	1982 Low	Stock	Closing price £	+or–
‡‡	F.P.	—	60p	52p	Antofagasta 3.5% Pref. £1	50p	
99.528	£80	—	23	91¼	Australia 13¾% Ln. 2010	22	
£100	F.P.	28/7	100¾	95	Cronite 14% Cnv. Uns. Ln. 2010	100	
99.345	£25	—	29	24¾	Nationwide Bdg. Soc. 11¾% (15/8/83)	100⅛	
£100	£25	—	25¼	24½	New Zealand 14¼% 1987	30¼	
‡‡	F.P.	—	[illegible]	[illegible]	Portsmouth Water 9% Red. Ocb. '92	[illegible]	
‡RE1	F.P.	3/9	82	83	Smurfit Jefferson Pref. Units 6p	[illegible]	
¶100	£10	17/11	14¼	13¼	West Kent Water 8¾% Red. Pref. 87-89	14¼	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest renunc. date	1982 High	1982 Low	Stock	Closing price p	+or–
180	Nil	—	50pm	44pm	Automated Security 10p	50pm	
100	Nil	—	32pm	27pm	Berkeley Exploration £1	32pm	
103	F.P.	6/8 17/8	122	117	Blundell Permoglaze	118	
75	F.P.	6/8 17/8	80	80	Goal Pet. 6p	80	
94	F.P.	20/7 3/9	35¼	28	Jenks & Cattell	22	
69	F.P.	30/7 20/8	81	75	Minster Assets	76	
75	Nil	—	100pm	98pm	Pactrol Electronics	98pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. ‡ Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✦ With warrants. †† Dealings under special Rule. ‡‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. ¶ Issued free as an entitlement to ordinary holders.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Adwest	Sept 25	Final 5.4
APV	Sept 10	Interim 2.8
*Associated Dairies	Aug 25	Final 2
Babcock Int.	Sept 2	Interim 3.4
Bank of Scotland	Sept 22	Interim 10
Barratt Developments	Sept 22	Final 8.85
*BBA	Aug 26	Interim 0.84
BET	Sept 3	Final 5.709
*BICC	Sept 8	Interim 6.25
BP	Sept 9	Interim 4.5
BTR	Sept 10	Interim 4.25
Barrett Hepburn	Sept 15	Interim 0.8
Blue Circle Industries	Aug 26	Interim 5.75
Booker McConnell	Sept 17	Interim 1.375
Bowater	Sept 9	Interim 4.25
British Aerospace	Sept 15	Interim 3.0
British Vita	Sept 1	Interim 2.7
*Bunzl	Sept 18	Interim 0.4
Burmah	Sept 16	Interim 1.5
Cadbury Schweppes	Sept 3	Interim 1.3
Charterhouse Group	Sept 3	Interim 1.325
Combes	Aug 26	Interim 1.2
Commercial Bank Aust.	Aug 13	Final due
Cons. Gold Fields	Aug 18	Final 18.0
*Costain	Sept 15	Interim 2.75
Cosman	Sept 8	Interim 4.5
Croda Int.	Sept 15	Interim 1.5
Dalgety	Sept 22	Interim 3
De Beers	Sept 14	Interim 25c
Delta	Sept 18	Interim 1.82
Dunlop	Sept 24	Interim 0
Eagle Star	Sept 10	Interim 7.0
Espamet Int.	Sept 15	Interim 3.0
Fisons	Sept 21	Interim 4
*Gold Fields SA	Aug 17	Final 320c
*GRE	Sept 3	Interim 7.0
GKN	Sept 17	Interim 4.0
Guinness Peat	Sept 11	Final 1.25
Hadeo	Sept 24	Interim 1.3
Hawley Group	Aug 26	Interim 1.1
Hepworth Ceramic	Sept 10	Interim 2.25
*Highlands	Aug 26	Interim 2.0
*HK & Shanghai Banking	Aug 24	Int HK$0.21
*House of Fraser	Sept 29	Interim 2.0
*IMI	Sept 8	Interim 2.0
KCA Int.	Sept 17	Interim 2.76
Kleinwort Benson	Sept 22	Interim 3
*Ladbroke	Aug 31	Interim 3.605
Laporte	Sept 22	Interim 3.5
Lead Industs.	Sept 10	Interim 3.7
Legal & General Assurance	Sept 16	Interim 4.0
London Merchant Securities	Sept 15	Final 0.72
Menzies (J.)	Sept 22	Interim 1.45
Mills and Allen	Sept 23	Final 15
NEI	Sept 22	Interim 1.375
Nurdin and Peacock	Sept 28	Interim 1.125
*Pearl Assurance	Aug 25	Interim 8.5
Pearson (S.)	Sept 14	Interim 3.75
*P & O	Sept 8	Interim 3.0
Phoenix Assurance	Sept 2	Interim 7.3
Prudential	Sept 10	Interim 4.5
Ransomes Sims & Jefferies	Sept 21	Interim 3.14
*Roybeck	Aug 27	Final 1.131
Reckitt and Colman	Sept 8	Interim 3.8
*Rentokil	Aug 19	Interim 1.05
RTZ	Sept 16	Interim 5.5
Rowntree Mackintosh	Sept 24	Interim 2.7
*Royal Dutch Petroleum	Aug 19	Int Fl 3.00
*Royal Insurance	Aug 16	Interim 9.75
*Securicor	Aug 25	Interim 0.55
Sedgwick	Sept 10	Interim 2.25
*Shell Transport	Aug 19	Interim 8.0
Sime Darby	Aug 27	Final 17
Simon Engineering	Sept 21	Interim 4
Slough Estates	Aug 26	Interim 1.25
Standard and Chartd. Bk.	Sept 8	Interim 13.8
*Steetley	Sept 17	Interim 4.0
*Stockholders	Sept 19	Interim 7.0
*Sun Alliance	Sept 1	Interim 15.5
*Taylor Woodrow	Aug 19	Interim 3.15
Trvis and Arnold	Sept 15	Interim due
*Tricentrol	Sept 2	Interim 0.64
*Turner and Newall	Sept 2	Interim due
United Biscuits	Sept 10	Interim 2.25
United Newspapers	Sept 22	Interim 4.5
UDS	Sept 22	Interim 2.8
*Wagon Finance	Aug 27	Interim 0.625
Weir	Sept 2	Interim 0.1
Willis Faber	Sept 15	Interim 4.3
Wimpey (George)	Sept 24	Interim 0.85
*Yorkshire Chemicals	Aug 24	Interim nil

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

FT Share Information

The following securities have been added to the Share Information Service:—

Dencora (Section: Property)

Oilfield Inspection Services (Oil and Gas)

UU Textiles (Textiles)

CENTREWAY

Agreement has been reached whereby Centreway Industries (CI) is to acquire from Centreway Trust (CT)—subject to the approval of the independent ordinary shareholders of CI and the ordinary holders of CT—the freeholds of certain garage properties, owned by CT, but occupied under leases by subsidiaries of CI. The consideration is £605,000 cash.

No decision on Quartz Hill before 1984

IT IS reported from Anchorage, that the Rio Tinto-Zinc group's U.S. Borax subsidiary will not make a decision until 1984 on whether to take to production the big Quartz Hill molybdenum prospect on the southern tip of the Alaska Panhandle.

Mr Jack Colvin, the U.S. Borax land department manager, said that the earliest that the mine could reach production would be 1987 and the company would seek a two-year option on a site in western Washington for a $40m (£23.5m) plant to process molybdenum.

BASE LENDING RATES

A.B.N. Bank	11½%	Grindlays Bank	‡11½%
Allied Irish Bank	11½%	■ Guinness Mahon	11½%
Amro Bank	11½%	■ Hambros Bank	11½%
Henry Ansbacher	11½%	Hargrave Secs. Ltd.	11½%
Arbuthnot Latham	11½%	Heritable & Gen. Trust	11½%
Associates Cap. Corp.	12 %	■ Hill Samuel	§11½%
Banco de Bilbao	11½%	C. Hoare & Co.	†11½%
BCCI	11½%	Hongkong & Shanghai	11½%
Bank Hapoalim BM	11½%	Kingsnorth Trust Ltd.	13 %
Bank of Ireland	11½%	Knowsley & Co. Ltd.	12 %
Bank Leumi (UK) plc	11½%	Lloyds Bank	11½%
Bank of Cyprus	11½%	Mallinhall Limited	11½%
Bank Street Sec. Ltd.	13 %	Edward Manson & Co.	13 %
Bank of N.S.W.	11½%	Midland Bank	11½%
Banque Belge Ltd.	11½%	■ Samuel Montagu	11½%
Banque du Rhone	12 %	■ Morgan Grenfell	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Norwich General Trust	11½%
Bremar Holdings Ltd.	12 %	P. S. Refson & Co.	11½%
Brit. Bank of Mid. East	11½%	Roxburghe Guarantee	12 %
■ Brown Shipley	11½%	Slavenburg's Bank	11½%
Canada Perm't Trust	12 %	Standard Chartered	11½%
Castle Court Trust Ltd.	12 %	Trade Dev. Bank	11½%
Cavendish G'ty T'st Ltd.	13 %	Trustee Savings Bank	11½%
Cayzer Ltd.	11½%	TCB	11½%
Cedar Holdings	12 %	United Bank of Kuwait	11½%
■ Charterhouse Japhet	11½%	Volkskas Intl. Ltd.	11½%
Choulartons	12 %	Whiteaway Laidlaw	12 %
Citibank Savings	‡12 %	Williams & Glyn's	11½%
Clydesdale Bank	11½%	Wintrust Secs. Ltd.	11½%
C. E. Coates	12 %	Yorkshire Bank	11½%
Comm. Bk. of N. East	11½%		
Consolidated Credits	11½%		
Co-operative Bank	*11½%		
Corinthian Secs.	11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
Eagil Trust	11½%		
E.T. Trust	11½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.5%, 1-month 8.75%. Short term £8,000/12 month 11.1%.
† 7-day deposits on sums of: under £10,000 8½%, £10,000 up to £50,000 9¼%, £50,000 and over 9¾%.
‡ Call deposits £1,000 and over 8½%.
§ 21-day deposits over £1,000 9½%.
¶ Demand deposits 8½%.
¶ Mortgage base rate.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

£000's capitalisation	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
4,149	Ass. Brit. Ind. Ord.	128	—	6.4	5.1	11.5	14.2
—	Ass. Brit. Ind. CULS	173	—	10.0	5.8	—	—
4,052	Airsprung Group	70	—	6.1	8.7	6.0	13.7
1,100	Armitage & Rhodes	44	—	4.3	9.8	3.8	5.8
12,831	Bardon Hill	223	—	11.4	5.0	8.6	12.1
1,412	CCL 11pc Conv. Pref.	113	+1	15.7	13.9	—	—
4,129	Cindico Group	255	—	26.4	10.4	10.7	12.0
5,848	Deborah Services	73	+4	6.0	8.2	3.8	7.4
4,302	Frank Horsell	125	—	7.9	6.3	6.7	8.1
10,257	Frederick Parker	71	—	6.4	9.0	3.6	5.8
—	George Blair	33	—	—	—	—	—
3,980	Ind. Precision Castings	39	—	7.3	7.4	7.1	10.7
2,736	Isis Conv. Pref.	114	—	15.7	13.8	—	—
2,233	Jackson Group	114	+1	7.0	6.1	3.3	6.3
18,218	James Burrough	114	+2	9.6	7.3	9.8	10.7
2,040	Robert Jenkins	92	—	20.0	10.0	3.2	6.3
4,270	Scrottons "A"	82	—	5.7	7.0	11.8	6.8
3,681	Torday and Carlisle	150	—	11.4	7.6	6.7	11.5
2,015	Unilock Holdings	21	—	0.5	2.4	—	—
10,630	Walter Alexander	84	—	6.4	7.6	5.5	9.2
5,788	W. S. Yeates	248xd	−2	14.5	5.8	8.5	[illegible]

Prices now available on Prestel page 48146.

CREDITS

Mexico's debt crisis overshadows other problem borrowers

MEXICO'S deepening financial crisis has now overshadowed the problems of all other sovereign borrowers and the imposition by the Mexican Government of exchange controls last Friday capped a week of steadily mounting concern.

The latest measures, including the shut-down of all foreign exchange transactions in Mexico, came only seven days after the introduction of a new two-tier exchange system. This system, with its preferential rate of around 49 pesos to the dollar, evidently failed to stem the outflow of dollars.

When the two-tier system was introduced it led to an immediate devaluation of over 30 per cent as the peso-dollar parity shifted to more than 70 pesos to the dollar. The preferential rate was to be available only for essential imports and for the repayment of interest on foreign debt by Mexico's private sector but not for private sector principal repayments.

The first reaction to this was the start of debt rescheduling talks between a number of private sector companies and their foreign banks. Some of them, insufficiently capitalised and with large dollar debt outstanding, would have had to reschedule anyway—the soaring cost of principal repayments made rescheduling all the more urgent.

Before the Mexican authorities could detail the new two-tier system, however, they turned standing policy on its head and announced exchange controls. Foreign currency may not be transferred out of the country, dollar bank accounts in Mexico are no longer accessible by account holders—only pesos may be withdrawn at the rate of 69.5 pesos to the dollar. All foreign exchange and precious metal trading has been suspended.

All of this went deeply against the position of the Banco de Mexico, the central bank, which has argued for months that no exchange controls of any sort would be acceptable, even as an emergency temporary measure.

By Friday evening bankers in London, New York and Mexico City were describing the crisis as alarming. They spoke of the latest extreme measures as a desperate effort to avoid going to the International Monetary Fund, but most thought Mexico would eventually have to face the IMF.

Several bankers with large outstanding loans to Mexico have begun to raise the prospect of limited public sector rescheduling. "The Government seems to have run out of dollars," said one banker.

The last jumbo Mexican credit effort earlier this summer resulted in a sell-down of less than $400m on a $2.5bn deal. In London, Banamex is working hard to complete a tiny $150m six to 12 month credit for Mexico—this would meet less than two days of the country's massive borrowing requirement.

Mexico has $80bn of public and private sector external debt; around $60bn of this is public sector foreign debt. Borrowings of at least $25bn are needed this year, but bankers are no longer willing merely to accept higher spreads on Mexican credits: they want reassurances that the economic crisis has been resolved.

Meanwhile, in Poland, it appears that four days of talks in Warsaw between Polish officials and a group of eight bankers representing Poland's 500 Western commercial bank creditors have produced some progress. Bankers last week voiced hopes that they were on the way to some form of preliminary agreement within the next few weeks.

From Italy comes word that IMI, the state financing agency, is in the market with a $250m two-tranche credit. Chase Manhattan, Security Pacific and Continental Illinois are assembling the management group. The first tranche is a $150m five-year portion bearing a spread of $\frac{3}{8}$ per cent over the U.S. prime rate for two years and $\frac{1}{2}$ per cent thereafter. The second portion, also over prime, provides an eight-year $\frac{1}{2}$ per cent throughout.

Ferrovie dell Stato, the Italian state railway authority, has succeeded with its £100m sterling credit led by S. G. Warburg.

Alan Friedman

INTERNATIONAL BONDS

Concern over U.S. tax proposals

CONFUSION AND concern gripped the Eurodollar bond market at the end of last week as a series of rumours circulated about the impact of pending U.S. tax legislation on new issues such as Du Pont, IBM, Xerox, and others.

The concern mounted to such an extent that Morgan Guaranty, as lead-manager of the IBM and Du Pont bonds, dispatched a special telex to co-managers of the IBM paper and to both managers and underwriters of the Du Pont issue.

The worries revolve around "The Tax Equity and Fiscal Responsibility Act of 1982"—the Reagan Administration's omnibus legislation designed to raise an extra $100bn in taxes. One small portion of the legislation, which is now the subject of House-Senate conference negotiation, refers to bearer bonds, and it is this section which led to alarm last week.

The section comes under the rubric of "increased compliance measures," a series of provisions designed to capture $30bn in additional taxes for the U.S. Government through more stringent regulation and monitoring of American business.

The information which has reached Europe largely concerns the Senate version of the Bill, which is now being altered by Congressional staff in conference committee. This version would ban the use of U.S. paying agents for bearer bonds, would impose a strict reporting requirement on issuers of bearer bonds so that they could be forced to disclose bondholders' identities, and, most upsetting, would forbid the payment of interest or principal to "U.S. persons" holding bearer bonds.

Lobbyists for the U.S. securities industry last week spent long hours in Washington trying to get all this changed, and there were signs on Friday that they may well have succeeded.

One compromise likely to be put to the Joint Committee on Taxation would allow exemptions for U.S. corporate borrowers wishing to issue bearer Eurobonds through a Netherlands Antilles finance subsidiary.

"Bankers tend to panic rather than to read. They have misunderstood what we are doing. Our rules only apply to U.S. corporations issuing in the U.S.," according to one member of the committee's staff.

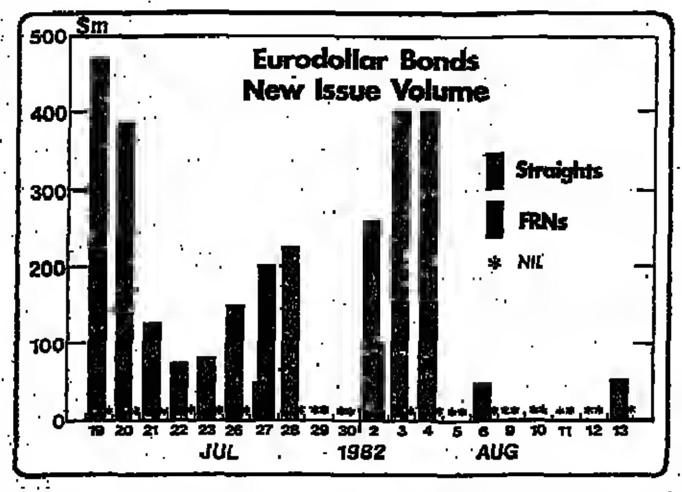
This view was hotly contested by New York and European bond houses, which are worried about the final wording, which is due to be drafted this week.

The Morgan Guaranty telex, sent on Friday after warrants had become unsaleable and new issue activity had dried, said that if there was a change in the U.S. tax law which imposed a cost to the Eurobond issuer, then noteholders will be asked to take one of the three following courses of action:

- They can certify they are not a U.S. person for the purposes of receiving principal or interest payments;
- or investors may exchange bearer bonds for registered paper (thus complying with the possible new U.S. law);
- or investors may shift their bond deposits from New York to a European clearing system.

If problems persist after the tax law is enacted, IBM and Du Pont will have the right to call the bonds and warrants back immediately at issue price. This is Morgan's carefully worded contingency plan.

What will be the eventual outcome? The Euromarket has learned by now never to second-guess the movements of the U.S. Government when it comes to budget deficits, credit markets or regulatory measures. But some knowledgeable bankers believe the U.S. legislation will be toned down and will not threaten the workings of the Eurobond market. At worst, these optimists feel that U.S. bondholders may have to find non-U.S. paying agents—scarcely a difficult prospect for American investors sophisticated enough to hold Eurobonds.



Trading of seasoned Eurodollar bond issues picked up late last week and prices were up $\frac{1}{4}$-$\frac{1}{2}$ point by Friday. The news of U.S. prime rate cuts to 14$\frac{1}{2}$ per cent should be welcome, and the six-month Eurodollar deposit rate seemed to be heading below 13 per cent on Friday evening.

In the Euro D-Mark sector WestLB said it was withdrawing a planned DM 100m issue for ENEL, the Italian state electric utility. Some managers said it was a matter of "technical documentation" while others said ENEL did not wish to pay a 10 per cent coupon, representing a premium of 1 per cent over top names in the the D-Mark sector.

The Enel news came only 24 hours after Soditic said in Switzerland it had withdrawn a planned SwFr 100m issue for Ferrovie, the Italian state railway. The Bank of Italy said on Thursday it had advised Ferrovie not to proceed with an 8 per cent coupon, which would have represented a hefty premium in the Swiss market.

A.F.

JAPANESE BONDS

Raising of yields fails to impress

UNLESS THE Japanese bond market is saved by some "divine wind," conditions are likely to continue to deteriorate further in coming months. A decision to boost the yields on long-term bonds, taken two weeks ago has failed to impress the market.

The Finance Ministry is faced with the dilemma of having more bonds to float this year than it originally intended, under market conditions much worse than anyone expected. The oversupply of bonds has come about because it had been anticipated that tax revenues for the year ending March 31, 1983 would fall seriously short—perhaps by as much as Y5,000bn ($19bn). The market's general malaise is due to a steady devaluation of the yen, which last week touched a 28-month low of Y264 to the dollar.

Conditions in the market forced the authorities to cancel an issue of 10-year bonds in July, after underwriters refused to absorb bonds at prevailing new issue terms more than 1 per cent below secondary market yields.

In order to float Y800bn in bonds this month the Finance Ministry agreed to a 0.5 per cent jump in the coupon rate to 8 per cent, which raised the yield to 8.274 per cent. At the end of last week, however, the secondary market for older "8 per cent" bonds was hovering around 8.7 per cent. Underwriters indicated on Friday that they would seek a further rise in coupons for September issues of government bonds, bar any sudden improvement in the market.

The government will be understandably reluctant to raise rates again. A rise in bond coupons almost automatically leads to an across the board jump in other long-term interest rates, including the long-term lending rate.

Pressure eventually will build, as long term rates rise, for increases in shorter-term deposit rates, all of which are strictly controlled and keyed to the Bank of Japan's official discount rate (currently 5.5 per cent). The government would prefer to see interest rates decline.

The market could be bailed out by a sudden surge in the Japanese economy, which would improve the outlook for tax revenues. Alternatively, the market might rally if the yen were to recover suddenly (on, say, a drop in U.S. interest rates).

The chances of either of these things occurring may be roughly the same as the odds that a Komikaze (divine wind) which defeated a Mongol invasion of Japan several hundred years ago, will blow up again at the right time.

Richard Hanson

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
Pac. Gas and Electric‡	60	1990	8	14$\frac{3}{4}$	100	CSFB	14.750
Am Natural Resources¶‡	50	1989	7	15$\frac{3}{8}$	100	Goldman Sachs	15.375
First Chicago Nat. Bk.†‡	100	1994	12	5$\frac{1}{4}$Φ	100	Salomon Bros.	—
Du Pont¶‡	200	1989	7	14$\frac{1}{8}$	100	Morgan Gty., CSFB, Morgan Stanley	14.125
Sperry Corpn.‡	100	1989	7	15	100	Blyth Eastman Paine Webber	15.000
Xerox¶‡	100	1987	5	14	100	Salomon Bros., Goldman Sachs	14.000
Deutsche Bank‡	300	1989	7	14$\frac{1}{4}$	100	Deutsche Bank, CSFB Merrill Lynch	14.250
Manufrs. Hanover¶‡	100	1986	4	13$\frac{1}{2}$	100	Goldman Sachs	13.500
Sthn. Cal. Gas‡	50	1989	7	15	100	Morgan Stanley	15.000
IADB††‡	200	1992	10	14$\frac{5}{8}$	99$\frac{1}{2}$	Goldman Sachs	14.720
Giro Centrale	50	1989	7	15$\frac{1}{2}$	*	CSFB, Morgan Stanley	*
CANADIAN DOLLARS							
BC Telephone‡	50	1988	6	17$\frac{1}{4}$	100	Orion Royal, Pitfield Mackay Ross	17.250
Prov. of Quebec‡	50	1988	6	16$\frac{3}{4}$	100	Societe Generale	16.750
D-MARKS							
ITT‡	100	1992	10	9$\frac{1}{4}$	100	Deutsche Bank	9.250
Black and Decker‡	100	1989	7	9$\frac{1}{8}$	99$\frac{1}{2}$	Commerzbank	9.230
SWISS FRANCS							
Asian Devt. Bank‡	100	1992	—	7$\frac{1}{8}$	100	SBC	7.125
Swed. Export Credit	100	1991	—	*	*	CS	7.250
Fujitec**§	50	1987	—	*	100	SBC	*
Toyoba**‡	40	1987	—	7$\frac{3}{8}$	100	SBC	7.375
GUILDERS							
Asian Devt. Bank‡	100	1992	8	11	100	ABN, Amro Bank	11.000
World Bank	250	1992	8	11	*	ABN	*
YEN							
Eldorado Nuclear‡	10bn	1992	9	8$\frac{1}{2}$	99.6	Daiwa Secs.	8.744
BFCE‡	20bn	1992	9	8.6	99.9	Yamaichi Secs.	8.800

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Φ Minimum. § Convertible. †† Registered U.S. Securities and Exchange Commission. ¶ With warrants. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Fall in short-term rates brings a sparkle back

SOME OF the sparkle returned to the New York credit markets last week. Bond prices rallied in response to a decline in short-term interest rates, while on Friday the Federal Reserve cut the discount rate from 11 to 10.5 per cent—the third cut in four weeks.

Nevertheless, deeply felt uncertainties remain in the market over the Federal budget deficit and the likely success of tax measures in congress to reduce its size.

The discount rate cut had been partially allowed for following Fed intervention in the markets throughout the week to supply reserves, and brought an immediate cut in the prime rate by several major banks.

The Fed had been expected to reduce the discount rate for four main reasons. First, the Fed funds rate, which had averaged about 11 per cent for three weeks, drifted downwards last week and at one point on Friday was trading as low as 10 per cent.

Second, although money supply growth has picked up recently, and Friday's increase took the basic money supply measure to the top of the Fed's target range, its four-week average is still inside the Fed's long range target, after allowing for seasonal factors.

Third, the economy is still showing little sign of picking up; in particular, retail sales increased by only 1 per cent last month and there has been no growth in the industrial sector.

Fourth, reports of difficulties in the private sector, including the failure last week of a second Wall Street securities firm, Lombard-Wall, and its money markets unit, have probably encouraged the Fed to supply sufficient funds to calm the markets.

Renewed concern about the health of some U.S. financial institutions had an indirect effect on the credit markets as funds were switched from the money markets into the "safe" treasury bond market. The shorter-term treasury bill market benefited particularly, although some dealers said the unwinding of positions following the Lombard-Wall crash could prove a countervailing force.

The other major talking point was the advent of the Treasury Income Growth Receipt (TIGR). Merrill Lynch launched the receipts — deeply discounted zero coupon receipts backed by long treasury bonds — at the beginning of the week.

The sale of TIGRs with a face value of $2.565bn backed by $500m in long treasury bonds to yield between 10.5 and 13.75 per cent went well, with about $2.2bn of the issue bought.

The longer term significance of the TIGR for the credit markets probably depends upon the establishment of an active secondary market for the securities. However, Merrill Lynch has already been followed into the arena by Lehman Brothers Kuhn Loeb, and other securities firms are said to be poised to launch TIGRs of their own.

The rally in the Government bond market spilled over into the corporate bond sector, which also benefited from the continuing weakness of the stock market.

Companies were quick to take advantage of this "borrowing window" and launched a flood of new issues onto a market where retail buying was reported to be strong.

Among the new issues was a $200m three-year note from General Motors—and a $200m issue of 10-year notes from the Inter - American Development Bank.

In total about $1.4bn in new notes were launched on to the market last week, considerably more than had been listed. This week also looks busy with some $750m of new issues scheduled including two $100m 10- and 30-year bonds from Commonwealth Edison and a $150m debenture from Shell Canada.

Paul Taylor

U.S. INTEREST RATES (%)

	Week to Aug 13	Week to Aug 6
Fed. Funds wkly. av.	10.08	10.73
3-month Treas. bills	8.25	8.80
3-month cd.	11.30	11.40
30-year Treas. bonds	13.07	13.25
AAA utility	15.00	15.25
AA industrial	14.75	15.00

Source: Salomon Bros. (estimates). In the week to August 4 M-1 rose $2bn to $453.4bn.

Eight international banks sell stakes in Iranvest

BY WILLIAM HALL, BANKING CORRESPONDENT

EIGHT LEADING U.S., European, and Japanese banks have pulled out of Iran Overseas Investment Corporation (Iranvest), the London consortium bank, and sold their shares to two Iranian banks.

Iranvest, formed in 1973, has proved a victim of circumstances beyond its control and its initial rationale has disappeared. It was originally set up to channel Iranian investment into other parts of the world but was soon being used to raise funds for Iran on international markets. It has acted as lead manager or agent for approximately a third of Iran's medium-term syndicated borrowings.

Following the Iranian revolution and the U.S. hostages crisis, the bank's deposits with U.S. banks were blocked by Presidential order in November 1979. Once the crisis was over it played an important role, as agent bank for 14 syndicated loans totalling more than $1.5bn, in repaying the money to more than 300 banks around the world.

The bank's non-Iranian shareholders—Bank of America, Barclays Bank International, Deutsche Bank, Manufacturers Hanover, Midland Bank, Societe Generale, Bank of Tokyo, and the Industrial Bank of Japan—have now decided to sell their equal 6¼ per cent stakes in the bank, to Bank Mellat and Bank Saderat Iran. The two founding Iranian shareholders, Bank Melli Iran and the Bank of Industry and Mine continue to hold 25 per cent each.

In the year to end-September 1981 Iranvest, which is a licensed deposit taker under UK banking law, made pre-tax profits of £1.3m ($2.2m) on shareholders' funds of £12.3m and assets of £112.0m. At the end of its last financial year, the bank had no loan exposure to Iran and half of its loans were to Europe. Its balance sheet, which had peaked at £150m in 1978 fell to £105m in 1980 but rose marginally last year.

The bank says that it intends to develop its international banking services with a "significant expansion" in its commercial banking and money market activities.

Iranvest was initially set up by the ten shareholders each owning ten per cent. However, in the mid-1970s the two Iranian banks increased their shareholdings to a combined 50 per cent.

Iranvest is the latest in a growing number of London consortium banks which has been restructured because its original rationale has disappeared.

In recent years, the Royal Bank of Canada has bought out the other shareholders in Orion Bank, and Chemical Bank has done the same with London Multinational. United International Bank, Rothschild Intercontinental Bank, Brown Harriman and International Banks and Western American Banks are other examples of London consortium banks, which have been bought out by either one or two of their shareholders.

AEG South Africa still sees growth

By Bernard Simon in Johannesburg

AEG's SOUTH African subsidiary plans to go ahead with a R5m ($4.3m) expansion programme despite the difficulties of its parent company, according to Mr Peter Hutz, the local managing director.

AEG South Africa, 84 per cent owned by the German parent, is the largest contributor to the financially-troubled group's earnings outside Europe. Its pre-tax profit totalled R1m last year on sales of R70m. According to Mr Hutz, sales are expected to rise to around R85m in 1982.

The proposed expansions are in several high technology businesses. These include radio transmission equipment, switchgear, electric turbines, and signalling equipment. Mr Hutz declined to disclose details.

AEG South Africa is the country's second largest producer of a number of household appliances. It is also understood to be a sizeable supplier of military equipment.

Strong first-half gain by Papyrus

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

PAPYRUS, the Swedish pulp, paper and timber group, raised its first-half earnings by 175 per cent from SKr 56.8m to SKr 156.4m ($25.2m), while sales advanced by just under 5 per cent to SKr 1.73bn ($278m).

After adjusting for minority interests and a small net extraordinary income, the group shows a taxable profit of SKr 98m, compared with SKr 20m in the first half of 1981.

This strong performance, at a time when most of the Swedish pulp and paper industry is complaining of depressed markets, means that Papyrus has managed to sustain through the first six months of this year the profit surge it experienced in the last four months of 1981.

In the first half of this year, earnings on the cardboard and fine paper operations improved, while even newsprint is reported to have turned in a better result in spite of lower output.

Another important factor in the first-half profits climb was the change in net financial items from a loss of SKr 14.5m to an income of SKr 8.8m. Behind this development lies the sale in December of Papyrus' hydro-electric power plants for SKr 450m.

U.S. expansion for Roche

THE SWISS chemical company, Hoffmann-La Roche, says its U.S. subsidiary has reached an agreement with the Rohm and Haas group to acquire Consolidated Biomedical Laboratories which employs some 900 persons and is active in medical diagnostics, John Wicks reports from Zurich.

The takeover, for which no price has been disclosed, follows the recent acquisition by Roche of Biomedical Reference Laboratories in North Carolina for $160m.

Restructuring at Hamilton Standard

Mr John Lovkay has been appointed executive vice president of UNITED TECHNOLOGIES' Hamilton Standard division. He will provide direct management control over Hamilton's aerospace and electronics business units as well as the legal, technical, marketing and product support, and central services functions. He was named senior vice president-electronics in 1981 with direct responsibility for all of Hamilton's electronics business units.

Succeeding Mr Lovkay as senior vice president-electronics is Mr Patrick K. Bolger who will be responsible for all the division's electronics business units. Previously he had served as vice president-electronic systems.

Mr Russell S. Hubley has been named vice president-electronic systems, succeeding Mr Bolger. Previously, Mr Hubley had served as vice president-Hamilton Support Systems.

Mr Frederick K. Morris has been appointed vice president-Hamilton Support Systems, succeeding Mr Hubley. Previously, Mr Morris was program and operations manager of Hamilton's environmental and space systems department.

Mr Vincent C. Ruvolo has been appointed to the new position of vice president-manufacturing of Hamilton's aerospace systems business units. He has direct responsibility for manufacturing, materials management, manufacturing engineering, industrial engineering and financial operations in this new business unit. He was materials manager.

INTERNATIONAL APPOINTMENTS

● Mr J. Rawles Fulgham, Jr., former vice chairman and chief administrative officer of InterFirst Corp of Dallas, Texas, who retired on July 31, will join MERRILL LYNCH PRIVATE CAPITAL INC. as an executive director. From a Dallas base, he will represent Merrill Lynch in a senior capacity throughout the Southwestern United States.

● Mr Bowdre P. Mays has been appointed vice president, international relations and government affairs, at AFIA's head office in New York. He was vice president of AFIA's Brussels regional control office for continental Europe, the Middle East and Africa.

● AM INTERNATIONAL INC has appointed Mr Richard F. Elliott vice president, human resources of the multigraphics division, based at Mt Prospect, Illinois. He was vice president, human resources in the Bruning division.

Mr Jon A. Borgman has been appointed vice president-marketing and product development for the multigraphics division. He joins the multigraphics division after serving two years as vice president-finance and administration in the Bruning division.

● Mr Gilberto de Botton has been appointed general manager and Mr Elgin Joos deputy general manager of ROTHSCHILD BANK AG, Zurich.

● Mr John S. Rydz has been appointed vice-president, technology, of EMHART CORP., Farmington, Connecticut. This newly-created post replaces that of vice-president, research and development, which had been held by Mr Walter L. Abel.

● Mr Alberto Crihlore has joined WARNER COMMUNICATIONS as senior vice-president. He will be involved in corporate development and acquisitions. Mr Crihlore has, for the past six years, been vice-president in charge of corporate development for North America of IFINT-USA, the U.S. arm of IFINT, a worldwide investment group.

Mr Jay Ellasberg has become vice-president, research. Mr Ellasberg was vice-president, research, CBS/Broadcast Group.

● SEARS ROEBUCK AND CO. has appointed Mr Philip J. Purcell as president and chief operating officer of Dean Witter Financial Services Group. He will continue as chairman of the Sears corporate strategic planning committee. He was elected senior vice-president corporate administration and planning in March.

● Mr Philip S. Bryne has succeeded Mr Douglas A. Henderson as general manager of POLYSAR INTERNATIONAL, Fribourg.

● Mr J. Avery Rush, head of DIAMOND SHAMROCK'S oil and gas operations since 1969, has been elected vice-chairman. He will concentrate on acquisition and development activities in the oil and gas area. He will also oversee the orderly transition of the Sigmor organisation into Diamond Shamrock.

Diamond Shamrock has also named unit presidents for the recently restructured oil and gas operations. Mr Riley M. Epps has been appointed unit president, refining and marketing. This San Antonio-based unit will consist of Diamond Shamrock's existing refining and marketing operations as well as the Sigmor businesses. Mr Epps has been directing refining and marketing activities since 1974. Mr C. Barton Groves will be unit president, exploration and production, based in Amarillo. Mr Groves was executive vice-president of the oil and gas unit.

Mr Rush was elected president of the oil and gas unit in 1969 and executive vice president of Diamond Shamrock in 1973. Mr Rush is chairman of the Texas Mid-Continent Oil and Gas Association.

● Mr J. M. Clifton has been named director of finance and joint venture development for the PIEDMONT DEVELOPMENT COMPANIES, Atlanta.

● Mr Bernard P. Auxenfans has been appointed regional director, Europe-Africa area, for MONSANTO'S agricultural products business. He succeeds Mr Michael W. Winkel who returns to the U.S. in the new position of general manager, international for agricultural products. Mr Auxenfans will be based at area headquarters in Brussels.

● Mr Peter M. Jackson has been appointed chief operating officer of MANNAI CORPN. This is a new position in the organisation and reflects the continuing growth of the group in Qatar and in neighbouring countries. Latterly, Mr Jackson spent over three years in Saudi Arabia as general manager of GCC (General Contracting Company) and as vice-president of Olayan Saudi Holding Company.

● Mr J. A. Langley has been appointed by TORONTO-DOMINION BANK, assistant general manager, merchant banking services to be located in Toronto. Mr R. W. du Pon will replace him as assistant general manager and managing director of Toronto Dominion International Bank, in London.

● SCOTT WILSON KIRKPATRICK has made the following appointment of partners in the Hong Kong firm: Mr David Butler and Mr John Sutton.

● Mr Marco Gatti, deputy director of ENTE NAZIONALE PER L'ENERGIA ELETTRICA'S purchasing department, has been named director of the research and development department from September 1.

● WARNER COMMUNICATIONS INC has named Mr Alberto Crihiore as senior vice-president for corporate development and acquisitions. Mr Crihiore was a vice-president in charge of corporate development for North America of Ifint-USA, a subsidiary of Ifint. IFI SpA, a worldwide investment company, is the largest shareholder of Ifint.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	103⅛	103⅝	+0½	−0¼	13.69
Amex Int. Fin. 16¼ 92	75	100⅜	100⅞	+0⅜	+0¼	16.06
Amex O/S Fin. 14½ 89	75	97	97½	+0½	0	14.87
ATT 14¼ 89	400	102¾	103¼	+0⅜	−0½	13.48
Baker Int. Fin. 0.0 92	225	26⅜	26⅞	+0¼	−0⅛	14.89
BHP Finance 14¼ 89	150	97½	98	+0⅜	+0⅛	16.28
Bk. Amer. NT SA 12 87	200	92⅜	93⅛	+0½	+0⅛	14.13
Bk. Montreal 14½ 87	100	95⅜	96⅛	+0⅝	+0⅜	15.74
Bqua. Indo Suez 13 89	100	96⅛	96⅞	0	−0⅜	15.80
British Col. Hyd. 14½ 89	200	99¼	99¾	+0⅜	+0½	14.82
British Col. Hyd. 15½ 92	150	101¾	102¼	+0⅞	+0⅝	14.84
Canada 14¼ 87	750	100	100⅜	+0⅞	+0⅛	14.26
Canadair 15½ 87	150	101⅝	102⅛	+0⅛	+0⅜	14.83
Canadian Pac. 14½ 92	75	94⅞	95⅜	+0⅛	−0⅜	15.59
Carolina Power 16½ 89	60	105⅜	105⅞	+0⅛	+0⅜	15.04
CIBC 16 87	100	98⅜	99⅜	+0⅜	+0⅜	15.23
Citicorp O/S 15 84/92	100	99⅞	100⅜	+0⅞	+0⅜	14.75
Citicorp O/S 15½ 85/87	125	101⅞	101⅜	+0⅞	0	14.68
CNA 15⅞ 87	75	100½	101	+0⅜	−0½	15.69
Con. Illinois 15⅜ 89	100	95⅜	95⅞	+0⅞	−0⅞	16.82
Duke Pwr. O/S 15½ 89	60	101⅛	101⅝	+0½	+0⅛	15.10
Dupont O/S Cap. 0.0 90	300	36⅛	36⅝	+0⅜	−0¼	14.66
ECSC 14⅞ 87 (April)	80	99½	100	+0⅜	+0½	14.75
EIB 15½ 89	150	101⅛	101⅜	+0⅜	+0⅛	15.06
EIB 15½ 92	100	100⅜	101⅛	+0⅜	+0⅛	15.28
Eksportfinans 14½ 89	50	98⅞	99⅜	+0¼	+0¼	14.86
Gen. Elec. Credit 0.0 92	400	28	28½	+0⅛	−0½	14.21
Gen. Elec. Credit 0.0 93	400	24⅝	25⅛	+0⅛	−0⅛	14.15
Getty Oil Int. 14 89	125	99⅜	100⅛	+0⅜	+0¼	13.99
GMAC O/S Fin. 16 88	150	103¼	103¾	+0⅛	+0½	14.98
GMAC O/S 15¾ 85/87	100	99½	100	+0⅜	+0⅜	15.25
GMAC O/S Fin. 15 89	125	100	100½	+0⅛	+0⅜	14.89
GMAC O/S Fin. 15 87	100	100⅛	100⅝	+0¼	+0⅜	14.83
Gulf Canada Ltd 14⅜ 92	100	98⅛	98⅝	+0¼	+0⅛	16.03
Gulf Oil 14¼ 94	175	99½	100	+0¼	0	14.28
Gulf Oil Fin. 0.0 92	300	27⅞	28⅜	+0½	−0⅜	14.20
Int.-Am. Dv. Bk. 15⅞ 87	55	99⅜	99⅞	+0½	+0¼	16.16
Japan Dev. Bk. 15½ 87	50	104½	105	+0⅜	+0⅛	13.93
New Brunswick 16⅝ 89	75	103⅜	103⅞	+0¼	+0⅛	16.28
Nova Scotia Pr. 15⅝ 89	75	96⅜	96⅞	+0⅛	+0⅜	16.08
Ontario Hydro 14⅜ 89	190	99⅞	100⅜	+0¼	+0⅜	14.87
Pac. Gas & El. 15½ 89	45	101⅞	102⅜	+0⅛	−1⅛	14.91
Phillips Petrol 14 89	200	97⅜	98⅛	+0¼	+0¼	14.44
R.J. Rynlds. O/S 0.0 92	400	27⅞	28⅜	+0⅛	+0⅜	14.26
Saskatchewan 16 89	125	102	102½	+0⅛	−0⅛	15.36
Shell Canada 14⅜ 92	125	97⅝	98⅛	+0⅛	+0⅛	14.76
Spain 15⅜ 87	100	†101⅞	102⅜	+0¼	+1⅛	16.04
Superior O/S Fin. 14 89	125	97½	98	+0¼	0	14.51
Swed. Exp. Cr. 15⅜ 89	100	99½	100	+0¼	+0⅜	15.25
Swed. Exp. Cr. 14⅜ 90	100	96⅜	96⅞	+0⅛	+0⅛	15.51
Swed. Exp. Cr. 0.0 94	200	20⅝	21⅛	+0⅛	+0⅛	14.43
Texas Eastern 15⅜ 89	60	100⅜	101⅞	+0⅛	+0⅜	15.46
Union Carbide 14⅜ 89	150	100⅜	100⅞	+0¼	0	14.58
Wells Fargo Int. 15 87	75	100½	100⅞	+0⅜	+0⅜	14.80
World Bank 14¼ 87	500	97⅞	98⅜	+0¼	+0¼	14.77
World Bank 15⅜ 88	250	101⅞	101⅜	+0½	+0⅛	14.75

Average price changes... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8¼ 92	150	97⅞	98⅜	0	0	8.56
Australia 8¾ 91	200	103⅝	104⅛	+0⅛	0	8.69
Austria 8½ 92	100	94⅞	95⅜	+0⅛	0	9.16
Barclays O/S In. 8¾ 94	100	95⅝	96⅛	0	−0⅛	8.95
Bowater Int. Fin. 8½ 89	60	95⅜	95⅞	−0¼	−0⅛	8.39
Canada 8½ 89	200	101⅝	102⅛	0	−0⅛	8.14
Comp. Tel. Esp. 10½ 92	100	100½	101	−0½	0	10.35
Cred. Foncier 8¾ 92	100	96	96½	+0⅛	−0⅛	9.34
Denmark 10½ 92	100	101⅞	102⅜	−0⅛	−0½	9.75
EDF 9⅞ 92	100	100⅝	101⅛	−0⅛	−0¼	9.71
EIB 8¾ 92	100	94⅞	95⅜	+0⅛	+0⅛	9.16
Int.-Am. Dev. Bk. 9 92	150	96⅞	97⅜	−0⅛	−0⅛	9.43
Nacnl. Financiera 11 90	150	94½	95	+0¼	−2⅛	12.07
Norsk Hydro 8½ 92	100	97⅝	98⅛	−0⅛	−0⅛	8.80
Philips Lamps 8½ 92	100	99⅝	100⅛	0	+0⅛	8.51
Philip Morris 8⅜ 90	100	101⅛	101⅝	0	−0⅛	7.97
Quebec 10¼ 92	150	102½	103¼	+0⅛	0	9.63
Renfe 10 92	100	99⅝	100⅛	+0⅛	−0⅛	9.99
SNCF 8⅝ 92	100	94⅞	95⅜	−0½	−1⅛	8.38
Tauernautobahn 9⅞ 94	50	102	102½	0	−0⅛	9.53
Tenneco Int. 9 92	100	98⅛	98⅝	0	0	9.25
World Bank 9½ 89	100	100⅝	101⅛	0	−0⅛	9.30
World Bank 8½ 92	200	95⅜	95⅞	0	−0⅛	9.17

Average price changes... On day 0 on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¾ 92	100	100⅞	101⅛	+0⅛	+0⅛	6.11
Asian Dev. Bank 7 92	100	100⅛	100½	0	−1⅛	6.94
Aucalsa 7¾ 92	80	97½	97¾	−0⅛	−1⅛	8.10
Australia 6½ 94	100	105⅜	105⅞	+0⅝	+0⅛	5.80
BNP 6⅜ 92	100	97¾	98	−0⅛	−0⅛	7.05
Cao. Nat. l'Energie 7 92	100	100⅞	101⅛	+0⅛	+0⅛	6.85
CFE-Mexico 8¼ 92	50	†82½	84½	+0⅞	−10⅞	11.00
Co-op. Denmark 8¾ 92	25	105	105½	+0¼	−0⅛	7.59
Crown Zellerbach 8¾ 92	100	99½	100	−0½	−0⅛	6.76
Europarat 7¼ 92	100	101⅛	101⅝	+0⅛	+0⅛	7.03
Ind. Fund Finland 6⅝ 92	30	98⅞	99⅜	+0⅛	+0⅛	6.89
Japan Dev. Bank 6 94	100	100⅞	101⅛	+0¼	+0⅛	5.88
Kobe City 6¼ 92	100	101	101½	+0⅞	−0¼	5.95
Kommunlano 7¼ 92	35	101	101½	−0⅛	+0½	7.06
Lonrho Int. Fin. 7½ 92	80	95¼	95¾	−0¼	+0⅛	8.18
Mitsui OSK 6½ 92	100	98⅜	99¼	+1½	−0¼	6.64
Nafinsa 8¼ 92	80	88	88½	−4½	−5⅛	10.21
New Zealand 6 92	100	101¼	101½	−0¼	0	5.81
Philip Morris 5¾ 92	100	103½	103¾	−0⅞	−1⅛	6.11
Philip Morris 6¾ 94	100	102⅝	103¼	+0⅛	0	6.89
Renfe 7¾ 92	80	99⅞	100½	+0¼	+0⅛	7.74
Sakiaui Pre. 5⅛ 92 WW	70	101⅝	101⅞	+0⅛	−2¼	5.51
Soc. Lux. de Cnt. 8⅜ 92	80	107	107½	0	−1	6.95
Svenska Handels. 6⅝ 92	100	98¼	98½	−0¼	−0⅛	6.98
Tiroler Wasser 6⅛ 92	100	98¼	98¾	+0½	+0⅛	6.44
Vorarlberg Kraft 6⅜ 92	50	102¼	102¾	−0⅛	−0½	6.41

Average price changes... On day 0 on week −0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¼ 92	15	97	97¾	0	−0⅛	9.65
Int.-Amer. Dev. 6⅞ 91	15	100⅜	101⅛	0	−1	6.72
Japan Airlines 7⅞ 87	9	95½	96¼	+0⅛	+0⅛	8.00
New Zealand 8⅛ 87	15	99½	100½	0	−0⅛	8.36
World Bank 8⅛ 92	20	98⅜	99⅛	+0¼	−0⅛	8.52

Average price changes... On day +0¼ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 18 89 CS	100	†98⅞	99	0	0	16.29
Can. Pac. S. 16⅜ 89 CS	50	†98⅜	99⅛	+0⅛	+0¼	16.56
Crd. Foncier 17⅛ 89 CS	30	†99⅜	99⅞	0	+0¼	17.18
Gaz Metro. 17⅛ 90 CS	20	†98⅜	98⅞	0	+0½	17.56
OKB 16⅜ 88 CS	83	†98⅛	99	−0⅛	−0⅛	16.55
Q. Hyd. 16⅜ 89 (M) CS	50	†99⅛	100	−0½	−0⅛	16.51
Quebec Prov. 16½ 89 CS	50	†99⅜	100	−0¼	−0⅛	16.54
U. Bk. Nwy. 9½ 90 EUA	18	93⅜	95	0	0	10.62
Amro Bank 10 87 Fl	150	99	99½	+0⅛	−1⅛	10.18
Bk. Mees & H. 10 87 Fl	75	99¼	99⅞	+0⅛	−0¼	10.11
Eurofima 10½ 89 Fl	50	100⅞	101⅜	0	0	10.28
Ireland 10⅞ 87 Fl	75	98⅞	99¼	0	+0⅛	10.79
Phil. Lamps 10⅛ 87 Fl	100	100⅜	101⅛	+0⅛	−0⅛	9.91
World Bank 10 87 Fl	150	98⅞	99⅝	0	−0⅛	10.29
OKB 14 86 FFr	400	94	95	0	−0⅛	16.07
Solvay et C. 14⅛ 86 FFr	200	94½	95½	0	−0⅛	16.60
Beneficial 14⅛ 90 £ (D)	20	90⅝	91⅛	+0⅛	+0½	16.21
BFCE 14½ 87 £	30	101⅛	102	+0⅛	+0¼	13.98
BNP 13⅜ 91 £	15	97	97⅜	+0⅛	+0⅛	14.00
CECA 13⅜ 88 £	20	98⅜	99⅛	+0½	+0⅛	13.65
Fin. Ex. Cred. 13⅜ 88 £	15	99	100	+0⅛	+0⅛	13.86
Gen. Elec. Co. 12⅜ 89 £	50	99	100	+1½	+1¼	12.57
Hiram Walker 14⅜ 86 £	25	100⅜	101⅛	+0⅛	+0⅛	13.81
Norsk Hydro. 14½ 87 £	30	101⅜	102⅛	+0½	+0⅛	13.92
Privatbanken 14½ 88 £	12	98⅛	99⅛	+0⅛	+0½	14.82
Quebec 15½ 87 £	35	102⅞	103⅜	+0½	+0¼	14.38
Reed (Nd) NV 16⅜ 89 £	25	105⅛	106⅛	0	−0⅛	15.20
Royal Trustco 14 86 £	12	99⅞	100⅞	+0½	0	13.78
SOR France 15½ 92 £	30	102⅜	103⅜	+0⅛	+0⅜	14.95
Swed. Ex. Cr. 13⅜ 86 £	20	99⅞	100⅜	0	−0⅛	13.81
Tenneco Int. 14⅜ 87 £	30	96⅞	99⅜	+0⅛	+0⅛	14.97
Eurofima 10½ 87 LuxFr	500	96⅜	97⅛	0	0	11.37
EIB 9⅝ 88 LuxFr	600	92⅜	93⅛	0	−0⅛	11.55

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0⅜	98⅞	99	15/10	15.69	15.89
Bk. of Tokyo 5⅛ 91 (D)	0⅛	99⅞	100⅛	6/12	15⅛	15.23
Bk. Nova Scotia 5⅛ 93	0⅛	99	99½	29/10	15⅛	15.24
BFCE 5⅛ 88	0⅛	99½	100	28/10	15	15.04
BFCE 5⅛ 87	0⅛	99⅜	99⅜	27/1	14	14.07
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅛	100	21/10	15⅛	15.79
CCCE 5⅛ 2002	0⅛	98⅜	98⅞	11/12	15⅜	15.59
CEPME 5⅛ 92	0⅛	99⅝	100⅛	10/12	15.44	15.42
Chemical NY 5⅛ 94	‡0⅛	99⅜	100⅛	23/9	16.69	16.71
CIBC 5⅛ 94	0⅛	†99⅛	99⅝	15/1	15⅛	15.31
Credit Agricole 5⅛ 97	0⅛	99⅜	99⅞	24/9	15.44	15.52
Credit du Nord 5⅛ 92	0⅛	100	100½	23/12	15.81	15.77
Credit Lyonnais 5⅛ 87	0⅛	99⅜	100⅛	1/10	16	16.02
Credit Lyonnais 5⅛ 94	0⅛	100⅛	100⅝	1/1	16.94	16.83
Credit Nat. 5⅛ 94	‡0⅛	98⅜	99⅜	5/8	14.69	14.86
Ireland 5⅛ 89/94	0⅛	†98⅛	98⅞	25/11	14⅛	14.97
Kansallis Osake 5½ 92	0⅛	99⅜	99⅞	5/11	15.31	15.37
Lloyds Eurofin 5⅛ 93	§0⅛	99⅜	100⅛	29/10	17⅛	17.18
Long Term Cred. 5⅛ 92	0⅛	99⅝	99⅞	29/11	14⅝	14.70
J. P. Morgan 5⅛ 97	§0⅛	99	99½	12/11	12.94	13.04
Nat. West. Fin. 5⅛ 91	§0⅛	99⅞	100⅛	15/1	15⅛	15.19
New Zealand 5⅛ 87	0⅛	99⅝	100⅛	7/10	15.56	15.58
Nippon Credit 5⅛ 90	0⅛	99⅜	99⅞	10/2	13⅞	13.96
Offshore Mining 5⅛ 91	0⅛	99⅝	100⅛	2/12	14.19	14.21
PKbanken 5 91	0⅛	100⅛	100⅝	17/12	15.81	15.75
Scotland Int. 5⅛ 92	0⅛	98⅞	99⅜	23/9	15⅛	15.51
Sec. Pacific 5⅛ 91	0⅛	99⅝	100⅛	24/11	15	15.02
Societe Generale 5⅛ 95	0⅛	99⅜	99⅞	1/9	15.31	15.39
Standard Chart. 5⅛ 91	0⅛	99⅜	99⅞	19/11	14⅞	14.93
Sweden 5⅛ 89	0⅛	99⅜	99⅞	25/8	15.31	15.41
Toronto Domin'n 5⅛ 92	0⅛	98⅞	99⅜	11/2	14.31	14.55

Average price changes... On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	76⅜	77⅜	+1⅛	9.88
Bow Valley Inv. 9 95	4/81	23.12	95⅜	97	+0⅛	70.26
Bridgestone Tire 5½ 96	3/82	470	80⅜	81⅜	+0⅛	5.24
Canon 6⅜ 95	1/81	736.3	90⅜	92⅛	+3⅛	7.84
Canon 7 97	7/82	748.2	100⅜	101⅛	+3⅛	4.74
Chugai Pharm. 7⅜ 96	7/82	709.6	111⅜	113⅜	+4⅛	5.84
Fujitsu Fanuc 4½ 96	10/81	5641	70⅜	72⅜	+0⅛	23.42
Furukawa Elec. 5⅜ 96	7/81	300	85	88⅛	−0⅛	−5.74
Hitachi Cable 5⅜ 96	2/82	515	78⅜	80	+3	4.79
Hitachi Cred. Cpn. 5 96	7/81	1612	84⅜	86⅛	−1⅛	7.18
Honda Motor 5½ 97	3/82	841	76⅜	78	+2⅛	10.63
Kawasaki 5⅜ 96	9/81	229	59⅜	61	+1	30.97
Marui 6 96	7/81	846.4	85⅜	85⅜	+0⅛	4.70
Minolta Camera 5 96	10/81	826.4	59⅜	61⅛	+1⅛	39.90
Minorco 9⅜ 97	6/82	9.16	†79½	81½	−2⅛	19.36
Murata 5⅜ 96	7/81	2168	65⅜	66⅛	+0⅛	41.64
NKK 6½ 96	7/81	128	65⅜	66⅜	+0⅛	−20.61
Nippon Electric 5⅜ 97	2/82	846	83	84½	+3⅛	11.41
Orient Finance 5⅜ 97	3/82	1205	73⅜	75⅛	−2⅛	0.11
Sanyo Electric 5 96	10/81	652	60⅜	61⅜	+0⅛	23.69
Sumitomo Elec. 5⅛ 97	3/82	577.3	81⅜	83⅜	+1⅛	8.45
Sumitomo Met. 5⅜ 96	10/81	296.1	55⅜	56⅛	+1	46.89
Swiss Bk. Cpn. 6⅜ 90	9/80	191	72	74	+2	36.13
Konishiroku 6⅜ 98 DM	6/82	615	100⅜	101½	−0⅛	19.85
Mitsubishi H. 0 89 DM	2/82	253	85⅜	86⅜	0	41.86

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	†	9,861.5
Previous week	5,215.1	3,968.2
Other bonds		
Last week	†	662.2
Previous week	777.1	649.2

† No figures available.

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on August 12

Mercantile House Holdings plc

Offer for Sale by S.G. Warburg & Co. Ltd.

of 6,000,000 Ordinary Shares of 25p each at 375p per share payable in full on application

Directors

Robert Renny St. John Barkshire, T.D., A.I.B., J.P. (Chairman)
Highlands, Chiddingly, near Lewes, Sussex

Michael John Lumley Kelly, J.P. (Joint Deputy Chairman)
Littleacre, Jersey Road, Osterley, Isleworth, Middlesex

Keith Hughesdon (Joint Deputy Chairman)
Boyles Farmhouse, Harwoods Lane, East Grinstead, Sussex

Peter Graham Bainbridge
9 Eliot Vale, Blackheath, London SE3

Edward Charles Baltes (U.S.A.)
23 Independence Drive, Manhasset Hills, Long Island, New York

The Earl of Carrick
10 Netherton Grove, London SW10

George Wardrop Fyfe, C.A.
Gable Cottage, Coombe Hill Road, Kingston upon Thames, Surrey

Nathan Gantcher (U.S.A.)
75 Griffen Avenue, Scarsdale, New York

Graham Barry Greaves
Ivy House, Ivy House Lane, Berkhamsted, Hertfordshire

Philip Graham Eyre Greenwell
2 Peek Crescent, London SW19

Vincent William Griffo (U.S.A.)
6 Midfarm Road, Rockville Centre, New York

Arthur W Hahn (U.S.A.)
1641 Ravine Terrace, Highland Park, Illinois

Michael Anthony Knowles
33 Colbert Avenue, Thorpe Bay, Essex

Jack Nash (U.S.A.)
784 Park Avenue, New York, New York

Stephen Robert (U.S.A.)
205 East 72nd Street, New York, New York

Elizabeth Sam (Singapore)
45 Siang Kuang Avenue, Singapore

Derrick George Scotchbrook
Deepdene, Canterbury Road, Herne Bay, Kent

Anthony William Edward Scrase
Javea, Station Lane, Milford, near Godalming, Surrey

Andrew John Conyers Summerville, F.C.A.
14 Fawcett Street, London SW10

Donald Willard Spiro (U.S.A.)
2 Broadway, New York, New York

Michael Craig Stoddart
Compton House, near Kinver, Worcestershire

Richard John Tnomer
Oldfield, Lewes Road, Haywards Heath, Sussex

Michael James Warren
Rudgalls, Great Horkesley, Colchester, Essex

Christopher Trefusis White-Thomson
Baggarets, White Colne, Colchester, Essex

Share capital

Authorised £		Issued and now being issued fully paid £
11,000,000	in Ordinary Shares of 25p each	8,334,089
20,000,000	in 7.7 per cent. Convertible Redeemable Preference Shares of £1 each	20,000,000
31,000,000		28,334,089

The Ordinary Shares now offered for sale rank in full for all dividends declared or paid on the Ordinary Share capital of the Company after the date hereof, save that they will not be entitled to the final dividend of 10.5p per Ordinary Share in respect of the year ended 30th April, 1982.

Summary of information

The following information has been derived from the full text of the offer for sale which includes combined pro forma historical financial information on the Group based on the latest audited consolidated financial statements of the Mercantile House group and the Oppenheimer group. It should be read in conjunction with Appendix 3 and with the full text of the offer for sale.

Pro forma financial information

	Before conversion of convertible preference shares	After conversion of convertible preference shares
Profit before taxation	£34.4 million	£34.4 million
Profit attributable to ordinary shareholders	£14.2 million	£15.7 million
Earnings per share	43.5p	42.4p

Offer for sale statistics

Offer for sale price per share	375p
Gross proceeds from the offer for sale, including £5.4 million to be received by Electra	£22.5 million
Market capitalisation at the offer for sale price (including £20 million of convertible preference shares at par)	£145 million
Price/earnings multiple at the offer for sale price	
— before conversion of convertible preference shares	8.6
— after conversion of convertible preference shares	8.8
Gross dividend yield at the offer for sale price assuming ordinary dividends for the year ending 30th April, 1983 of not less than 14p per share	5.3 per cent.
Dividend cover calculated on pro forma earnings per share of 43.5p and ordinary dividends of 14p per share	3.1 times

Secretary and Registered Office
Andrew John Conyers Summerville, F.C.A.
Mercantile House, 66 Cannon Street, London EC4N 6AE

Stockbrokers
Cazenove & Co.
12 Tokenhouse Yard, London EC2R 7AN; and The Stock Exchange

Auditors and Reporting Accountants
Price Waterhouse, Chartered Accountants,
Southwark Towers, 32 London Bridge Street, London SE1 9SY

Bankers
Bank of England
Threadneedle Street, London EC2R 8AH
Williams & Glyn's Bank plc
67 Lombard Street, London EC3P 3DL

Joint Reporting Accountants to the Oppenheimer group
Spicer and Oppenheim,
Chartered Accountants,
St. Mary Axe House, 56/60 St. Mary Axe, London EC3A 8BJ

Receiving Bankers to the offer for sale
National Westminster Bank PLC
New Issues Department, P.O. Box No. 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD

Solicitors to the Company
Clifford-Turner
Blackfriars House, 19 New Bridge Street, London EC4V 6BY

Registrars and Transfer Office
Williams & Glyn's Registrars Limited
P.O. Box 27, 34 Fettes Row, Edinburgh EH3 6UT

Solicitors to the offer for sale
Slaughter and May
35 Basinghall Street, London EC2V 5DB

Indebtedness

At the close of business on 9th July, 1982 Mercantile House and its subsidiaries ("the Mercantile House group") together with Oppenheimer Holdings, Inc. and those of its subsidiaries acquired by Mercantile House ("the Oppenheimer group") had outstanding borrowings, other than collateralised borrowings of the Oppenheimer group in the ordinary course of its business, of £36.6 million. Subject thereto and save as disclosed in paragraph 2 of Appendix 4, and apart from intra-group liabilities, neither the Mercantile House group nor the Oppenheimer group had outstanding at the close of business on 9th July, 1982 any mortgages, charges, debentures, loan capital or any loan capital created but unissued, or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, material guarantees or other material contingent liabilities.

At the close of business on 19th July, 1982 there had been no material change since 9th July, 1982 in borrowings or indebtedness in the nature of borrowing outstanding other than in the ordinary course of conducting the trading activities of the Mercantile House group or the Oppenheimer group.

Chairman's Letter

The following is a copy of a letter to S. G. Warburg & Co. Ltd. from Mr. R. R. St. J. Barkshire, Chairman of Mercantile House Holdings plc.

The Directors,
S. G. Warburg & Co. Ltd. 13th August, 1982

Dear Sirs,

In connection with your offer for sale I have pleasure in giving you the following information.

Introduction

On 1st June, 1982 it was announced that Mercantile House proposed to acquire the Oppenheimer group from the Oppenheimer Partnership and Electra for a consideration of approximately £91 million. In view of the substantial size of the acquisition in relation to the market capitalisation of Mercantile House, the Council of The Stock Exchange suspended the listing of the ordinary shares on that day at the request of the Directors of Mercantile House.

Completion of the acquisition of the Oppenheimer group is now conditional only upon listing being granted by the Council of The Stock Exchange for the ordinary share capital of Mercantile House and the offer for sale has been prepared on the basis that the acquisition has been completed.

Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of Mercantile House to be admitted to the Official List, and, subject to this being granted, dealings are expected to commence on 26th August, 1982.

History

The Company has its origins in the exchange broking business of Marshall and Son which was founded in London in 1868. The Mercantile House group in its present form has evolved since 1967 and the majority of the people involved at that time are still with the Group. The Directors have sought to develop the activities of the Mercantile House group both by expanding its money broking activities and by increasing the range of other financial services.

The policy of extending the international coverage of Marshalls, the Mercantile House group's money broking division, has been achieved by increasing the number of centres around the world in which Marshalls has offices to the current total of 20. A major step towards strengthening Marshalls' presence in the U.S. was the acquisition in 1977 of Lasser Bros., Inc., a leading money broker based in New York. Further acquisitions of money broking companies have included Woollwarth & Co. Limited in 1979 and Cosmorex Holding A.G. in 1981, which have strengthened Marshalls' position respectively in the London market and the continent of Europe.

The range of services other than money broking offered by the Mercantile House group has, in recent years, been developed through two principal divisions. Following the acquisition in 1980 of the companies which now form the William Street group, the group provides a broking service in U.S. fixed interest securities. The acquisitions of Woodstock, Inc. in 1980 and R. J. Rouse & Co. Limited in 1981 have enabled the Mercantile House group to establish itself as a broker in most of the world's principal commodity markets. In addition to these two divisions, the group has extended its activities into fund management, leasing, consultancy and other financial services in the U.K.

The current acquisition of the Oppenheimer group substantially extends the Group's services in the U.S. to include securities brokerage and trading, and fund management. Based on industry statistics, Oppenheimer Brokerage is among the 25 largest U.S. brokerage firms ranked by capital. Oppenheimer Management is one of the leading mutual fund managers in the U.S. in respect of total funds under management.

The Company first obtained a listing on The Stock Exchange by way of an Offer for Sale in July, 1979.

Business

Mercantile House now has five major divisions engaged in money broking, U.S. fixed interest securities broking, commodity broking, securities brokerage and trading, and fund management; in addition it provides leasing services and has a number of trade investments. In forming these divisions some integration between the Mercantile House group and the Oppenheimer group is taking place.

Money broking

Marshalls is an international money broker, providing a service to the international foreign exchange and deposit markets through its offices around the world. Its customers are mainly banks but also include governments, government agencies, local government authorities, other financial institutions and commercial and industrial companies. Marshalls' income is derived from charging commissions to its customers and, except for Lasser as described below, not from taking a position in the markets or trading for its own account.

Marshalls' largest offices are in London and New York and it also has offices in Jersey, Glasgow, Dublin, the Isle of Man, Amsterdam, Geneva, Luxembourg, Zurich, Panama, San Francisco, Toronto, Hong Kong, Singapore, Sydney and Tokyo. In Bahrain and Kuwait it has management contracts to operate broking companies owned in conjunction with local associates and it owns 25 per cent. of a broker in Manila. Marshalls also has agency arrangements with brokers in Frankfurt, Madrid, Milan, Paris, Colombo and Kuala Lumpur which enable its offices to increase their coverage of these centres. On a normal working day, the geographical spread of Marshalls' offices enables at least one office to be active in the markets at all times. Marshalls is a member of the appropriate associations and representative bodies for brokers in the centres in which it operates.

The recent trend in money broking has been towards a concentration of business into a small number of larger brokers who are able to offer a more comprehensive service to their customers, a trend which has been accelerated by the introduction of volume discounts in some centres, including London and New York. Marshalls' worldwide network has enabled it to take advantage of this trend and to emerge as one of the leading international brokers. Highly developed international communications facilities and the ability to obtain the most competitive rates make it likely that users of the money markets will make increasing use of the services of larger brokers such as Marshalls.

In the U.S., Lasser also participates in the short term money market as a principal. In this market Lasser enters into repurchase and resale agreements with banks, broker-dealers and others wishing to buy or sell U.S. Government and Federal agency securities and certificates of deposit in order to lend or borrow short term funds. Lasser derives earnings from the difference in the interest rates on the funds involved. Although a margin is always established between the marker value of the underlying security and the funds supplied, Lasser is exposed to credit risk in the event of a material change in the marker value of the underlying security and, on occasion, it is also exposed to movements in interest rates when a part of its portfolio is not fully matched.

Definitions

In the offer for sale, where the context permits, the following expressions shall bear the following meanings:—

Mercantile House or the Company	Mercantile House Holdings plc
the Mercantile House group	Mercantile House and its subsidiaries before the acquisition of the Oppenheimer group
the Group	Mercantile House and its subsidiaries after the acquisition of the Oppenheimer group
Marshalls	the Mercantile House group's money broking companies including, inter alia, Lasser
Lasser	Lasser Marshall, Inc.
the William Street group	William Street Brokers, Inc. and its operating subsidiaries
FBI	Fundamental Brokers, Inc.
JPC	JPC Brokers, Inc.
Dahlke	Dahlke & Co., Inc.
the Rouse Woodstock group	Rouse Woodstock International Limited and its operating subsidiaries
SIMCO	Saturn Fund Management Limited
SEFCO	Saturn Export Finance Co. Limited
Saturn Management	Saturn Management Limited
Oppenheimer Holdings	Oppenheimer Holdings, Inc.
the Oppenheimer group	Oppenheimer Holdings and those of its subsidiaries acquired by Mercantile House
Oppenheimer Brokerage	Oppenheimer & Co., Inc.
Oppenheimer Management	Oppenheimer Management Corporation
Oppenheimer Capital	Oppenheimer Capital Corp.
Oppenheimer Properties	Oppenheimer Properties, Inc.
the Oppenheimer Partnership	Oppenheimer & Co., a New York limited partnership
Electra	Electra Investment Trust P.L.C.
Globe	Globe Investment Trust P.L.C.
ordinary shares	Ordinary Shares of 25p each in Mercantile House
convertible preference shares	7.7 per cent. Convertible Redeemable Preference Shares of £1 each in Mercantile House
offer for sale	the Offer for Sale of ordinary shares, as described in this document

U.S. fixed interest securities broking

The U.S. fixed interest securities broking activities of the Group are carried on through FBI, JPC and Dahlke, the operating subsidiaries within the William Street group, which are based together in New York.

FBI, the major contributor to the William Street group's profits, is a broker in U.S. Government bonds, notes, bills and Federal agency securities and has recently commenced broking operations in discount notes, certificates of deposit and bankers' acceptances. FBI does not trade on its own behalf but is an intermediary between the banks and large brokerage houses which are recognised as primary dealers by the Federal Reserve Bank and are members of the Primary Dealers Association, of which FBI is itself an associate member. Its broking income is closely related to trading volumes in U.S. Government securities. FBI believes it is the largest broker in this market.

JPC is a broker, between banks and large brokerage companies, in Government National Mortgage Association ("GNMA") obligations. The GNMA is a Federal agency which issues securities representing interests in pools of mortgage loans, providing finance for residential mortgages. Like FBI, JPC's broking income is related to trading volumes, which in this market are affected both by the volume of new issues (reflecting activity in the U.S. housing market) and by the level of interest rates and conditions in debt securities markets generally. JPC does not trade in GNMA obligations on its own account. Dahlke, acquired in June, 1981, is a broker in U.S. municipal notes and bonds.

The William Street group also includes Primary Clearance Corporation ("PCC") which provides software for a computerised direct clearing service for dealers in U.S. Government securities. It derives its income from royalties on transactions cleared through The Bank of New York's computer facilities utilising PCC's software.

Commodity broking

Commodity broking is carried on through the Rouse Woodstock group in the U.K., the U.S., Australia and Singapore. The Rouse Woodstock group's income, like most commodity brokers, arises from the generation of commissions from customers, from trading on its own account and from interest earned on customers' balances. Commission income is received from a broad range of corporate and institutional customers in the U.K. and individual and institutional customers in the U.S. While a commodity broker is liable for the financial obligations of its customers, this risk is reduced by credit control and the close supervision of margin arrangements. The Rouse Woodstock group's trading for its own account is generally restricted to short term jobbing positions, trading physicals against futures and arbitrage between different markets or different contract months. All own account trading is carried on within clearly laid down limits which are monitored daily.

In the U.K., Rouse Woodstock Limited (formerly R. J. Rouse & Co. Limited) specialises in soft commodities and is a member of the sugar, coffee and cocoa commodity exchanges, in which commodities it has in recent years been most active. It also operates in other soft commodities and in financial futures, gold and silver, petroleum products, futures options and commodity actuals, and is a member or associate member of all the exchanges in the London markets relevant to its principal businesses. Through Marshall Rouse Woodstock Limited, it is a member of the London International Financial Futures Exchange and will offer a specialised brokerage service to banks and other financial institutions in conjunction with Marshalls, thus taking advantage of the Group's experience and expertise in both money and commodity broking.

In the U.S., Rouse Woodstock Inc. (formerly Woodstock, Inc.) offers a broking service in the full range of commodity futures and a significant proportion of its business is in financial futures. It is registered as a Futures Commission Merchant in accordance with the U.S. Commodity Exchange Act and is a clearing member of all the principal U.S. exchanges. The headquarters of Rouse Woodstock Inc. are in Chicago and it conducts its business through 10 sales offices in the U.S. and a number of agents. Rouse Woodstock Inc. should derive immediate benefit from the commission business generated by Oppenheimer Brokerage's retail and institutional outlets.

In Australia, the Rouse Woodstock group is a member of the Sydney Futures Exchange and specialises in financial futures as well as offering a service in other commodities. U.R.B. Rouse Woodstock (Private) Limited, based in Singapore, offers a gold futures service and is a member of The Gold Exchange of Singapore.

Securities brokerage and trading

Securities brokerage and trading is carried on in the U.S. by Oppenheimer Brokerage which is the incorporated successor to the brokerage and related financial services businesses of the Oppenheimer Partnership, a New York limited partnership formed in 1950. Oppenheimer Brokerage is a member firm of the New York Stock Exchange and all other principal U.S. securities exchanges, providing its individual, corporate and institutional customers with the services of a broker in securities and options and of a dealer in corporate, government and municipal securities. Oppenheimer Brokerage, like other U.S. brokerage firms, operates on the principle of dual capacity as a broker for its customers and as a trader for its own account. In addition, it provides a range of other financial services.

Before fixed commission rates were eliminated in 1975, Oppenheimer Brokerage's customers were primarily institutional investors. Since then, Oppenheimer Brokerage has diversified and, as well as providing a broad range of brokerage and investment services to its corporate and institutional customers, backed by its own research and analysis, it has concentrated on providing services to higher-income, financially sophisticated individual investors. In order to generate increased business from this source, Oppenheimer Brokerage has sought to build up a highly motivated sales force and directs substantial efforts towards developing and offering specialised investment products with potentially higher returns and tax advantages, but with a higher degree of risk for investors. These products include investments in selected arbitrage, property, oil and gas, and venture capital opportunities.

In addition to its principal office in New York, Oppenheimer Brokerage has also opened retail branch offices in Chicago (in 1970), Los Angeles (in 1971), Fort Lauderdale (in 1978) and Houston (in 1981), and an institutional sales office in London (in 1971). Unlike a number of its larger competitors, Oppenheimer Brokerage's strategy is to develop accounts on a regional basis from a few larger offices in major centres.

Two of the present subsidiaries within the Mercantile House group, Saturn Management and SEFCO, which provide corporate financial services including export finance consultancy, will be combined with Oppenheimer Brokerage's London office and will trade under the name Oppenheimer. This will broaden the range of services provided by Oppenheimer Brokerage in the U.K. and extend the number of outlets available to Saturn Management and SEFCO.

Oppenheimer Brokerage's revenues arise primarily from customer related activities and own account trading and also from mergers and acquisitions activities.

Customer related activities include:

— transactions as agent, in listed and over-the-counter securities and options on behalf of institutional and individual customers, for which Oppenheimer Brokerage earns commissions. By offering the specialised investment products described above, Oppenheimer Brokerage believes it attracts individual investors from whom additional revenues can be generated. It also carries out transactions, as agent, in commodities. Access to the Rouse Woodstock group's international commodity network will considerably enhance the range of services and advice which Oppenheimer Brokerage can make available to its customers;

— transactions as principal, in over-the-counter preferred and common stocks and in corporate, government and municipal debt securities. Oppenheimer Brokerage is a dealer in these securities, buying from and selling to other dealers and market makers, to facilitate transactions for its customers. Oppenheimer Brokerage is itself a market maker in approximately 100 securities in the over-the-counter market. In order to generate additional commission income, Oppenheimer Brokerage engages in block positioning by purchasing from institutional customers wishing to sell large blocks of securities immediately that part of any block which cannot simultaneously be sold on the market;

— customer financing, when credit is extended to enable customers' securities transactions to be settled on a margin as distinct from a cash basis. Oppenheimer Brokerage charges interest on the credit extended which is collateralised by the securities in customers' margin accounts. Credit extended is limited to the amount permitted by the regulatory authorities for the relevant type of transaction. This activity is financed principally from bank borrowings and customers' credit balances;

— the purchase of corporate and municipal securities, through participation in underwriting syndicates managed by other firms for resale to customers;

— the originating, structuring and marketing of property investments on which front-end placement and management fees are normally received. Most of the property investments, which are devised by Oppenheimer Properties (a subsidiary of Oppenheimer Holdings), have certain tax advantages and are marketed through Oppenheimer Brokerage. Oppenheimer Properties also syndicates property investments brought to it by others, but, in such cases, does not receive a management fee; and

— the raising, through the financial services department, of new capital for a variety of businesses, principally through private placements of securities on which front-end placement and management fees are earned.

Oppenheimer Brokerage considers all these activities as components of the same business, with the object of providing a wide range of services to customers. Oppenheimer Brokerage's customers include the funds managed by Oppenheimer Management and clients of Oppenheimer Capital and in the year ended 31st January, 1982 approximately 7 per cent. of revenues from brokerage commissions was derived from these sources.

Own account trading includes:

— risk arbitrage, which involves taking positions in securities during take-over and merger situations. The positions taken can in aggregate be large but exposure is controlled through hedging and by limiting the size of individual positions. Risk arbitrage activities have reduced Oppenheimer Brokerage's effective rate of tax and will remain an important part of the tax planning of the U.S. operations of the Group;

— option trading, where Oppenheimer Brokerage takes positions, the majority of which are hedged in stock options and the underlying securities. Transactions are entered into when option prices diverge substantially from those predicted by the company's proprietary computer model of option prices;

— trading in corporate and municipal debt securities and in over-the-counter equities; and

— trading in fixed income securities, including domestic and eurodollar money market instruments, and, increasingly, in government securities through a recently established department. In addition, matched repurchase and resale agreements are entered into to earn an interest rate profit.

Continued overleaf

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Mergers and acquisitions activities are carried on by a department of Oppenheimer Brokerage which acts on behalf of corporate clients in initiating, structuring and negotiating mergers, acquisitions and disposals. Remuneration for such services is generally in the form of fees for specific projects.

As a registered broker-dealer and a member firm of the New York Stock Exchange, Oppenheimer Brokerage is subject to extensive regulation under U.S. Federal and state laws and, in particular, to the Uniform Net Capital Rule of the Securities and Exchange Commission, which specifies uniform minimum net capital requirements and is designed to regulate the general financial status and liquidity of a broker-dealer. At 31st January, 1982, Oppenheimer Brokerage's net capital under Federal regulations was U.S.$30.1 million (£16.9 million) which gave a margin of U.S.$14.9 million (£8.4 million) over the most restrictive of the measures under these rules. Oppenheimer Brokerage is also subject to similar requirements by the U.S. Commodities Futures Trading Commission.

Oppenheimer Brokerage, in common with its competitors, undertakes certain business activities which give rise to risk of financial loss. In the course of its normal customer activities and in connection with its own account trading, Oppenheimer Brokerage takes positions in securities. The size of these positions can be very substantial and varies depending on factors such as economic and market conditions, customer demands and trading volume. There are additional risks in connection with the trading activities in U.S. Treasury and GNMA obligations as there are often no margin requirements and, in the case of transactions in GNMA obligations, periods before settlement can be extensive.

All aspects of the business of Oppenheimer Brokerage are subject to competition, which has been increasing as banks and insurance companies extend their range of financial services. Brokerage activities in the securities industry also carry risks both from litigation, of which there has been an increased incidence in recent years, and from bad debts. Results can be affected by the mix of business between institutional and individual investors, the prevailing level of interest rates and, because a proportion of expenses is relatively fixed, by fluctuations in the volume of activity in securities markets.

Fund management

The Group now has three fund management businesses. Oppenheimer Management devises and markets mutual funds in the U.S., Oppenheimer Capital is an investment manager for discretionary and non-discretionary accounts in the U.S. and SIMCO, at present a subsidiary within the Mercantile House group, manages short term money funds in the U.K. Oppenheimer Management and SIMCO are being combined to create the base from which Mercantile House intends to develop an international fund management group and carry out its policy of offering a complete range of domestic and offshore funds to investors throughout the world.

Oppenheimer Management provides investment management services to a group of 21 open-ended mutual funds. At 31st December, 1981, this group of funds had total assets of approximately U.S.$8,300 million (£4,663 million) held by some 800,000 mutual fund shareholders.

Oppenheimer Management offers a wide range of funds for investors, including money market funds. It promotes and distributes funds through brokerage firms, insurance companies and established financial planners. In 1981 it is estimated that as many as 7,000 individual sales representatives from these outlets were involved in selling these funds, with approximately 60 per cent. of new sales in 1981 being made through New York Stock Exchange member firms. The funds are also promoted through Oppenheimer Management's national advertising programme.

Oppenheimer Management derives its revenues primarily from charges based on the net asset value of the funds under management. With the exception of the money market funds, there is also a front-end sales charge, most of which is paid to the selling agent. Money market funds represent approximately 80 per cent. of the total funds under management but contribute approximately 60 per cent. of total revenues of Oppenheimer Management principally due to lower rates of charges. The advisory contracts under which such charges are payable are subject, under U.S. law, to approval by the shareholders of the mutual funds and to annual renewal by the independent Directors of the mutual funds, and may be terminated at short notice at the discretion of such independent Directors.

Oppenheimer Management has voting control of, and owns approximately a 30 per cent. equity interest in, Centennial Capital Corporation ("Centennial"). Centennial is the investment adviser for 8 of the 21 funds under management by Oppenheimer Management, including the Daily Cash Accumulation Fund, a money market fund which at 31st December, 1981 had total assets of U.S.$5,354 million (£3,008 million). Oppenheimer Management manages the daily operations of these funds and is responsible for all marketing and investment decisions. The other principal shareholders in Centennial are A. G. Edwards & Sons, Inc. and Thomson McKinnon Securities, Inc., New York Stock Exchange member firms, which both play an active part in marketing the Centennial funds.

Oppenheimer Capital, a registered investment adviser, manages and advises on equity and fixed income assets for corporate, state, municipal and trade union employee benefit plans, endowment funds and individual accounts. At 31st December, 1981 total assets under management by Oppenheimer Capital were approximately U.S.$3,300 million (£1,854 million), of which U.S.$2,100 million (£1,180 million) were assets under discretionary management. At that date, its clients totalled approximately 400.

Oppenheimer Capital's principal competitors include brokerage firms, banks and trust companies, insurance companies and other professional money managers. Oppenheimer Capital, which is ranked among the 50 largest pension fund managers in the U.S., believes that it has increased its overall market share in recent years and that its growth will continue, based, among other factors, on projected increases in total pension funds under management and its growing recognition in the fund management industry.

Oppenheimer Capital's revenues are derived from charges based in most cases on a percentage of assets under management; its clients pay all brokerage commissions incurred. Under U.S. regulations, brokerage business for clients must be allocated by Oppenheimer Capital on a competitive basis among a large number of brokerage firms, including Oppenheimer Brokerage. The assets are managed under advisory contracts which can be terminated at short notice by the client.

SIMCO is the manager of two sterling short term money funds which are widely used by stockbrokers, accountants and other professional advisers in the U.K. These funds enable a number of small deposits to be combined into larger marketable amounts, which are then placed at more advantageous rates in the sterling money market exclusively with local authorities and with clearing banks and their banking subsidiaries. SIMCO also operates a similar fund in short term U.S. dollar deposits. At 30th April, 1982, the SIMCO money funds totalled approximately £160 million.

Leasing and trade investments

The Group provides a service in equipment leasing in the U.K. and has a number of trade investments. Saturn Leasing Limited provides equipment leasing consultancy services, primarily to the U.K. public sector, and was the first specialist consultant to enter this expanding market. The Mercantile House group's other interests include shareholdings in Spedley Holdings Limited (14.9 per cent.), merchant bankers in Australia, and Gulf Financial Services Limited (44 per cent.) and Pan Arab Management KCSG (49 per cent.), both of which offer financial services in the Middle East.

Directors and Staff

Directors

I have been Chairman of the Company since its incorporation in 1972 and my principal responsibility is for the formulation and execution of the Group's corporate and financial policies. I am also Chairman of the London International Financial Futures Exchange, and a non-executive Director of the Extel Group PLC. I am aged 46. **Mr. M. J. L. Kelly** (50) is joint Deputy Chairman of the Company and Chairman of Marshalls which he joined in 1957. He has been a Director of the Company since its incorporation. From 1971 to 1976 he was Chairman of the Foreign Exchange and Currency Deposit Brokers' Association in London. He is responsible for money broking activities throughout the Group. **Mr. K. Hughesdon** (50) is joint Deputy Chairman of the Company and Chairman of Saturn Leasing Limited. He has been a Director of the Company since its incorporation. He was the first Chairman of the Sterling Brokers' Association from 1979 to January, 1982.

Mr. P. G. Bainbridge (35) joined the group in 1968 and was appointed a Director of the Company in 1979. He is currently responsible for developments in international communications within the Group. **Mr. E. C. Baltes** (37) was appointed a Director of the Company in 1981 and is President of Lasser. He had joint responsibility for the development of Lasser from its formation in 1972 and has been with the Mercantile House group since Lasser's acquisition in 1977. **Mr. N. Gantcher** (42) will be appointed a Director of the Company upon completion of the acquisition of the Oppenheimer group. He has been a general partner of the Oppenheimer Partnership since 1975 and is an Executive Vice President of Oppenheimer Holdings and of Oppenheimer Brokerage. **Mr. G. B. Greaves** (45) is Development Director. He was appointed a Director of the Company in August, 1982 having joined the group from Consolidated Gold Fields P.L.C. **Mr. V. W. Griffo** (45) is President of the William Street group. He was appointed a Director of the Company in 1981. **Mr. A. W. Hahn** (38) is Chief Executive of Rouse Woodstock Inc. and was appointed a Director of the Company in 1981, having previously specialised in commodity matters as a partner in the Chicago firm of attorneys, Katten, Muchin, Zavis, Pearl & Galler. **Mr. M. A. Knowles** (40) joined Marshalls in 1965 and was appointed a Director of the Company in 1978. He is Chief Executive of Marshall Woellwarth & Company Limited. He is also Chairman of the Foreign Exchange and Currency Deposit Brokers' Association in London and a member of the Joint Standing Committee concerned with the foreign exchange market. **Mr. J. Nash** (53) will be appointed a Director of the Company following completion of the acquisition of the Oppenheimer group. He has been a general partner of the Oppenheimer Partnership since 1957 and is Chairman of the Board and Chief Executive Officer of Oppenheimer Holdings and of Oppenheimer Brokerage. **Mr. S. Robert** (42) will be appointed a Director of the Company following completion of the acquisition of the Oppenheimer group. He has been a general partner of the Oppenheimer Partnership since 1970 and is President and Chief Operating Officer of Oppenheimer Holdings and of Oppenheimer Brokerage. **Mrs. E. Sam** (43) was appointed a Director of the Company in 1981 and is responsible for the interests of the Group in the Asian and Pacific region where she is resident. She was previously Chief Manager, and Director of the International Department, of the Monetary Authority of Singapore. **Mr. D. G. Scotchbrook** (47) joined Marshalls in 1961 and has been a Director of the Company since its incorporation. **Mr. A. W. E. Scrase** (46) was appointed a Director of the Company in 1981 following the acquisition of R. J. Rouse & Co. Limited which he joined in 1970. He is Chief Executive of Rouse Woodstock Limited. **Mr. A. J. C. Sommerville** (44) joined the group in 1972 as Company Secretary and was appointed Finance Director in 1980. **Mr. D. W. Spiro** (56) will be appointed a Director of the Company following completion of the acquisition of the Oppenheimer group. He has been a general partner of the Oppenheimer Partnership since 1968 and is President and Chief Executive Officer of Oppenheimer Management and an Executive Vice President of Oppenheimer Holdings. **Mr. R. J. Toomer** (38) joined the group in 1967 and was appointed a Director of the Company in 1980. He is a Director of Marshalls and is responsible for co-ordinating its worldwide operations. **Mr. M. J. Warren** (45) joined the group in 1967 and was appointed a Director of the Company in 1978. He is Chief Executive of M. W. Marshall (Sterling) Limited. **Mr. C. T. White-Thomson** (42) joined the group in 1969 and was appointed a Director of the Company in 1980. He is Chief Executive of SIMCO and principally responsible for the development of the fund management activity of the Group in the U.K.

All the executive Directors have full-time service agreements for a period of five years except for Mr. Nash, whose contract, unless renewed, expires in March, 1984 and provides that he may spend a decreasing proportion of his time on the Group's affairs.

There are currently three non-executive Directors of the Company. **The Earl of Carrick** (50) was appointed a Director in 1979. He is also a non-executive Director of the Bowater Corporation PLC and a Director of Cargill Albion Limited (a major commodity trading and broking group). **Mr. G. W. Pyfe** (70) was appointed a Director in 1976. **Mr. P. G. E. Greenwell** (56) was appointed a Director in 1981. He was previously senior partner of the London stockbroking firm of W. Greenwell & Co. **Mr. M. C. Stoddart** (50) will be appointed a non-executive Director following completion of the acquisition of the Oppenheimer group. He is Deputy Chairman and Chief Executive of Electra and a Director of Globe. He has been a Director of Oppenheimer Brokerage since 1975 and more recently has become a Director of Oppenheimer Holdings, Oppenheimer Capital and Oppenheimer Properties.

Management

The Group has a decentralised management structure. The Board believes strongly that day to day management and control is most effectively exercised by being delegated to each division; head office staff are kept to a minimum. In view, however, of the increased size and diversity of the Group, an executive committee has been formed to be responsible for overall management of the Group's activities within the strategic guidelines laid down by the Board. The executive committee will consist of myself, the executive Directors responsible for the day-to-day operations of each of the Group's divisions, the Finance Director and the Development Director.

Staff

The Group employs a total staff of approximately 3,800. Marshalls employs 1,195 of whom 920 are dealers, with the largest offices being in London, where 409 dealers are employed, and New York, where 222 dealers are employed. The William Street group has a staff of 225 and the Rouse Woodstock group a total staff of 209, of whom 71 are in London and 125 in the U.S. Oppenheimer Brokerage has approximately 1,650 employees, including approximately 350 account executives who are engaged primarily in customer sales activities. Oppenheimer Management has a total staff of approximately 450, of whom 100 are based in New York and 350 at the administrative offices in Denver. Oppenheimer Capital employs approximately 50 staff in New York.

In recognition of the importance of attracting and retaining suitable staff, employees throughout the Group are remunerated in accordance with relevant market practices with competitive salaries and incentive payments. These incentive payments can include both commission sharing arrangements and participation in bonus pools which are related to the profitability of a particular part of the business. Profit before taxation in the table shown below is after charging remuneration amounting to approximately £86 million (including Directors), representing some 39 per cent. of total (pro forma) operating expenses; of this total, £39 million represented fixed remuneration.

Profits and Dividends

Profits

Both the Mercantile House group and the Oppenheimer group have significantly increased turnover and profits over the last five years. Separate accountants' reports on the two groups are set out in Appendices 1 and 2.

The Mercantile House group's recent financial record shows substantial growth. Since 1978, profit before and after taxation has increased in each year and earnings per share have shown an increase of 280 per cent. This has been achieved both by the expansion of established businesses within the group and by acquisitions. Apart from the commodity broking activities, whose results have reflected the low level of activity throughout the world's commodity markets and expenditure incurred in expanding the business, all parts of the group contributed to the increased profit for the year ended 30th April, 1982. The Mercantile House group has made a satisfactory start to the current year.

The financial record of the Oppenheimer group also shows substantial growth in profit since 1978. Profit for the financial year ended 31st January, 1982 was, however, lower than that for the preceding year, largely because brokerage commission income declined as a result of a generally lower level of individual investor activity and expenses increased as a result of higher employee remuneration. Against this, there was growth in income from own account trading and mergers and acquisitions activities and a significant increase in profit from fund management. Brokerage and trading profit in the financial year to date has continued to be affected by the low level of individual investor activity in financial markets. The unaudited management accounts of the Oppenheimer group for the 5 months ended 30th June, 1982 show profit attributable to shareholders of U.S.$5.1 million (£2.9 million) compared with U.S.$8.1 million (£4.6 million) in the equivalent period of the previous year. Historically, profit from securities brokerage and trading has fluctuated from month to month and results for an interim period cannot be taken as an indication of the likely out-turn for a full year. Profit from the fund management businesses has continued to increase in the current financial year.

The table below summarises the effects on turnover, profit and earnings per share of the Group of combining the audited results of the Mercantile House group for the year ended 30th April, 1982 with the audited results of the Oppenheimer group for the year ended 31st January, 1982, after making certain adjustments as set out in Appendix 3.

	Before conversion of convertible preference shares £ million	After conversion of convertible preference shares £ million
Turnover	252.1	252.1
Profit before taxation	34.4	34.4
Taxation	(15.9)	(15.9)
Profit after taxation	18.5	18.5
Minority interest	(2.8)	(2.8)
Preference dividends	(1.5)	—
Profit attributable to ordinary shareholders	14.2	15.7
Earnings per share	43.5p	42.4p
Price/earnings multiple (at the offer for sale price of 375p)	8.6	8.8

On the basis of the pro forma results, the proportion of the profit before taxation (of which approximately three quarters arose in the U.S.) contributed by each division of the Group was as follows:—

	Per cent.
Money broking	30
U.S. fixed interest securities broking	18
Commodity broking (note (a))	—
Securities brokerage and trading (note (b))	29
Fund management (notes (b) and (c))	21
Leasing and trade investments	2
	100

Notes:
(a) Based on profit before taxation after reflecting the interest expense arising on the acquisition of the Oppenheimer group.
(a) The Rouse Woodstock group made a loss before taxation of £1.3 million and has therefore been excluded from the percentage calculation.
(b) Includes the results of Saturn Management and SIMCO.
(c) Includes the results of SIMCO.
(d) Stated net of minority interest in Centennial, a subsidiary of Oppenheimer Management.

Dividends

In the absence of unforeseen circumstances, the Directors intend to recommend total dividends in respect of the current year ending 30th April, 1983 of not less than 14p per ordinary share (equivalent to 20p per ordinary share, inclusive of the related tax credit at the current rate of 3/7ths) on the increased share capital. Total dividends of 14p per ordinary share would be covered over 3 times by the pro forma earnings per share of 43.5p as set out above and would represent a gross yield of 5.3 per cent. on the offer for sale price of 375p per share.

The Offer For Sale

The consideration for the acquisition of the Oppenheimer group payable in cash amounts to £66.3 million out of a total consideration of £91 million. This has been financed (i) through the subscription by Globe of 5 million new ordinary shares at 400p per share and 20 million convertible preference shares at par for a total of £40 million, (ii) from the Mercantile House group's existing cash resources and bank facilities to the extent of £10.4 million and (iii) by the net proceeds of the offer for sale receivable by the Company amounting to £15.9 million. The balance of the total consideration of £91 million has been satisfied by the issue of 4,471,772 ordinary shares to Electra and 1,703,136 ordinary shares to the Oppenheimer Partnership.

6,000,000 ordinary shares are now being offered for sale. Of these, 4,550,000 are new ordinary shares to be subscribed in cash to provide part of the cash consideration as referred to above, and 1,450,000 are being made available by Electra out of the ordinary shares received by it on the sale of its holdings in the Oppenheimer group.

Following the offer for sale, Electra's interest in the ordinary share capital of Mercantile House will be approximately 10.5 per cent. and Globe will hold an interest of approximately 15 per cent., which would increase to approximately 25.1 per cent. on conversion of the convertible preference shares. Globe, Electra and the Oppenheimer Partnership have each agreed, inter alia, to restrictions on disposals of shares in Mercantile House. Details of these arrangements are set out in sub-paragraphs 5(c) and 5(f) in Appendix 4.

The Future

The businesses of the Mercantile House group have grown substantially during the past fifteen years. Throughout this period it has been the Board's policy to increase the range of the Group's services in order to achieve our aim of operating throughout the world's money, securities and related markets. It has also been the Board's policy to achieve a broad spread of business in order to reduce our reliance on any single aspect of these markets.

The acquisition of the Oppenheimer group has given us the opportunity to progress a long way towards fulfilling these strategic objectives. There will be some immediate benefits but, more importantly, the acquisition puts in place the framework for development and growth over the next decade. The Board's immediate priority is to ensure that all the potential benefits of the acquisition are fully exploited and to develop all parts of the Group throughout the international market place.

The Board believes that there will be a considerable number of changes in international financial markets in the years ahead. It considers that the Group is ideally placed to take advantage of these changes and of the many other opportunities that are likely to occur. The Board therefore views the future prospects for the Group with great confidence.

Yours faithfully,
R. R. ST. J. BARKSHIRE,
Chairman.

Appendix 1

Accountants' report on the Mercantile House group

The following is a copy of a report to the Directors of Mercantile House and of S. G. Warburg & Co. Ltd. made by the auditors and reporting accountants, Price Waterhouse, Chartered Accountants, on the Mercantile House group:—

The Directors,
Mercantile House Holdings plc.
The Directors,
S. G. Warburg & Co. Ltd.

Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.
13th August, 1982.

Gentlemen,

We have examined the financial statements of Mercantile House Holdings plc ("Mercantile House") and its subsidiaries (together "the Mercantile House group") for the five years ended 30th April, 1982. The financial statements were prepared under the historical cost convention.

In our opinion, the financial information set out below, which has been prepared from the audited financial statements after making such adjustments as we consider appropriate, gives under the historical cost convention a true and fair view of the state of affairs of Mercantile House and the Mercantile House group at 30th April, 1982 and of the profits and source and application of funds of the Mercantile House group for the five years then ended.

No audited financial statements for any of the companies in the Mercantile House group have been prepared for presentation to the shareholders in respect of any period since 30th April, 1982.

Consolidated profit and loss accounts

	Notes	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
Turnover	1					
Money broking		10,768	15,472	19,490	27,095	43,818
U.S. fixed interest securities broking		189	362	472	7,305	20,331
Commodity broking		—	—	—	2,470	7,021
Other financial services		202	454	908	1,805	1,981
		11,159	16,288	20,870	38,675	73,151
Profit/(loss) before taxation	2 and 17					
Money broking		1,961	2,505	3,423	4,888	9,108
U.S. fixed interest securities broking		—	—	—	1,764	5,521
Commodity broking		—	—	[illegible]	(390)	(1,263)
Other financial services		(179)	82	113	1,068	1,037
		1,782	2,587	3,586	7,330	14,403
Taxation		744	1,440	1,888	3,678	7,485
Profit after taxation		1,038	1,147	1,698	3,652	6,918
Minority interest		—	—	8	24	14
Profit after minority interest		1,038	1,147	1,690	3,628	6,904
Profit on sale of minority interest in subsidiary		—	—	125	—	—
Profit attributable to shareholders		1,038	1,147	1,815	3,628	6,904
Dividends		429	523	739	1,232	2,462
Profit retained		609	624	1,076	2,396	4,442
Earnings per share		10.73p	10.78p	14.10p	25.95p	41.08p
Dividends per share		4.16p	4.91p	5.75p	8.38p	14.00p

Balance sheets at 30th April, 1982

	Notes	Mercantile House group £000	Mercantile House group £000	Mercantile House £000	Mercantile House £000
Assets employed:					
Premium on acquisitions	1		19,399		—
Fixed assets	5		11,354		—
Investments	6		2,179		7,854
			32,932		7,854
Current assets					
Amounts receivable in respect of U.S. securities purchased under agreements to resell	1	179,131		—	
Other debtors	7	32,033		28,456	
Assets held for resale	8	5,500		—	
Cash at bank and in hand		16,930		105	
		233,674		28,561	
Current liabilities					
Bank overdrafts	9	11,599		9,143	
Amounts payable in respect of U.S. securities sold under agreements to repurchase	1	178,162		—	
Other creditors	10	43,840		4,818	
Proposed dividend		1,849		1,849	
		235,450		15,810	
Net current assets/(liabilities)			(1,776)		12,751
Deferred taxation	3		(186)		—
			30,970		20,605
Financed by:					
Capital and reserves					
Share capital	11		4,403		4,403
Reserves	12		26,494		16,202
Shareholders' funds			30,897		20,605
Minority interest			73		—
			30,970		20,605

Consolidated statements of source and application of funds

Years ended 30th April,	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
Source of funds					
Profit before taxation	1,782	2,587	3,556	7,330	14,403
Adjustments for items not involving the movement of funds:—					
Depreciation	228	273	358	728	1,360
Exchange adjustments	(72)	37	(87)	(185)	1,049
Other	51	5	114	—	77
Total generated from operations	1,989	2,902	3,951	7,873	16,889
Funds from other sources					
Sale of fixed assets	122	219	99	273	1,194
Sale of investments and minority interest	—	—	194	23	—
Issue of shares less expenses	1,445	—	1,384	2,400	12,394
Total sources	3,556	3,121	5,628	10,569	30,477
Application of funds					
Dividends paid	251	475	745	859	1,502
Tax paid	542	1,190	1,635	2,666	3,977
Fixed assets	847	732	981	4,544	7,566
Premium paid on acquisitions of subsidiaries	1,112	—	1,027	3,060	12,660
Investments	207	10	194	713	1,271
Assets held for resale	—	—	—	—	5,500
	3,655	2,357	4,641	11,842	32,428
Increase/(decrease) in working capital					
Debtors and prepayments	841	1,428	915	14,099	13,112
Creditors excluding taxation and proposed dividends	(1,066)	(390)	(254)	(15,182)	(26,449)
U.S. securities net	(81)	(345)	175	525	454
Loan notes	—	—	(872)	295	577
Total applications	2,477	2,100	4,795	8,510	30,164
Increase in cash resources	[illegible]	21	833	2,059	313
Summary of the effects of acquisitions					
Net assets acquired					
Fixed assets	407		291	1,546	1,924
Investments	—		66	402	495
Debtors and prepayments	1,254		788	7,621	7,611
U.S. securities net	112		—	—	—
Assets held for resale	—		—	—	5,500
Cash	205		57	8,443	1,132
Creditors	(2,065)		(245)	(15,814)	(7,853)
Taxation	—		(228)	34	(1,558)
Deferred taxation	—		125	—	(225)
Minority interest	—		—	—	(44)
	33		764	2,238	7,042
Premium arising on acquisitions	1,412		1,027	3,060	12,660
Cost of acquisitions	1,445		1,791	5,298	19,702

Notes to the financial statements

1. Accounting policies

The following are the principal accounting policies adopted by the Mercantile House group.

Basis of accounting

The accounts have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Mercantile House and its subsidiary companies made up to 30th April except for overseas companies and those involved in commodity broking whose accounts are made up to 31st March. The Directors consider that to make the accounting dates of all subsidiaries coincide with that of the holding company would cause undue delay in the preparation of the consolidated accounts.

The results of those companies acquired during the financial year are included in the group accounts from their effective dates of acquisition.

Rates of exchange

Profit and loss accounts in foreign currencies are translated into sterling at the average rates ruling during the year. Assets and liabilities are translated into sterling at the rates of exchange ruling at the respective balance sheet dates. Exchange gains and losses arising on consolidation are taken to reserves. Other exchange movements are taken to profit and loss account.

U.S. securities trading

Transactions in securities (U.S. Government securities and other negotiable instruments) comprise repurchase agreements where a sale and simultaneous repurchase is made for settlement at a later date, and resale agreements where a purchase and a simultaneous resale for settlement at a later date is undertaken. Income, being the difference between the interest rates on the securities involved in these transactions, is stated net in the accounts.

Turnover

Turnover of the Mercantile House group comprises brokerage commissions net of discounts, fee income and, in the case of U.S. securities trading, the interest differential on the deal. Brokerage commissions are taken to revenue as market practice determines and may be summarised as:—

(a) money broking: when the deal is negotiated;
(b) U.S. fixed interest securities broking: when the deal is settled; and
(c) commodity broking: when the deal is closed.

Deferred taxation

Provision is made for deferred taxation at current tax rates in respect of all timing differences except where it can be demonstrated with reasonable probability that no liability will arise in the foreseeable future. Deferred taxation includes advance corporation tax recoverable in future years.

Fixed assets

Fixed assets are stated at cost. Leasehold property and improvements are amortised by equal annual instalments over the period of the lease. Depreciation on other fixed assets is calculated to write off costs mainly on a straight line basis over their estimated useful lives: the principal rates of depreciation used by the Mercantile House group are 10 per cent. and 20 per cent. per annum.

Premium on acquisition of subsidiaries

The premium on acquisition of subsidiaries comprises mainly the excess of costs over the fair value of net tangible assets acquired and is stated at cost to the Mercantile House group.

Pensions

Mercantile House and its subsidiaries operate pension schemes which cover the majority of employees in the group. The amounts charged against profits are calculated with actuarial advice in accordance with local practice to cover the accruing liabilities on a continuing basis. With minor exceptions, these schemes are financed through separate trustee administered funds.

2. Operating profit

Operating profit is stated after charging:—

Years ended 30th April,	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
Depreciation and amortisation	228	273	378	728	1,360
Interest payable on loan notes	—	—	14	57	26
Interest payable to banks	—	—	—	223	712
Hire of equipment	34	17	17	171	281

3. Taxation

(a) The charge for taxation, which is based on the profit for the year, comprises:—

Years ended 30th April,	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
United Kingdom corporation tax at 52 per cent.	347	491	1,058	3,025	4,873
Double taxation relief	—	(170)	(265)	(1,520)	(3,377)
	347	321	793	1,505	1,496
Foreign taxation	443	902	1,053	2,127	5,758
Provision for deferred taxation	77	120	51	189	280
Prior year charge/(release)	(123)	97	(9)	(143)	(49)
	744	1,440	1,888	3,678	7,485

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The charge for taxation for each of the years includes full provision for deferred taxation where taxation benefits arising in the year are expected to give rise to tax charges in future years. No provision, however, has been made for further taxation which would be payable if attributable overseas profits were remitted to the U.K.

(h) Deferred taxation, which is fully provided, comprises:—

	Mercantile House group £000
Timing differences arising from accelerated capital allowances	(982)
Other timing differences	4
Advance corporation tax	792
	(186)

4. Earnings and dividends per share

Earnings per share for each year are based on the profit attributable to the ordinary shareholders, being profit after taxation and minority interest, and the weighted average number of shares in issue during each year having adjusted for rights, bonus and acquisition issues in 1980 and 1981. Dividends per share have also been adjusted on a similar basis.

5. Fixed assets

Fixed assets comprise:—

	Improvements to short leasehold properties £000	Furniture, fixtures, motor vehicles and equipment £000	Total £000
Cost	4,101	12,217	16,318
Less: accumulated depreciation	580	4,384	4,964
Net book amount at 30th April, 1982	3,521	7,833	11,354

6. Investments

Trade investments

	Mercantile House group £000
Shares in associated companies at cost together with the Mercantile House group's share of accumulated undistributed profits less losses and amounts written off	301
Seats on commodity exchanges at cost	1,392
Other trade investments at cost — listed	4
— unlisted	482
	2,179

In the opinion of the Directors the value of the above trade investments at 30th April, 1982 was not significantly different from the value shown in the balance sheet.

Subsidiary companies

	Mercantile House £000
Shares in subsidiary companies at cost	7,654

A list of the principal subsidiary companies, all of which are wholly owned, is set out in note 18.

7. Other debtors

	Mercantile House group £000	Mercantile House £000
Debtors and prepayments	17,031	971
Current accounts with subsidiaries	—	27,485
Commodity customers' margin accounts	15,022	—
	32,053	28,456

8. Assets held for resale

	Mercantile House group £000
Assets held for resale	5,500

At the time of the acquisition of Charles Fulton Holdings Limited on 23rd March, 1982 consideration was being given to the sale of certain of its subsidiaries. Since the year end, the following arrangements have been concluded:—

(a) on 9th June, 1982 Fulton Packshaw Limited and Fulton Packshaw (Leasing) Limited were sold principally to the management for a total consideration of £700,000 including intercompany indebtedness, payable in cash; and

(b) on 17th July, 1982 it was agreed to sell, to the management, Charles Fulton (Singapore) Limited, Charles Fulton (Hong Kong) Limited and the 40 per cent. interest in Charles Fulton (Malaysia) Sdn. Bhd., for £4.8 million payable in cash on completion, which is expected to be in August, 1982.

The net tangible assets of the above companies together with a portion of the premium arising on acquisition of Charles Fulton Holdings Limited are shown at their agreed net realisable values.

9. Bank overdrafts

	Mercantile House group £000	Mercantile House £000
Bank overdrafts	2,852	2,959
Other bank borrowings	8,747	6,184
	11,599	9,143

The other bank borrowings relate to Charles Fulton Holdings Limited and include £6,184,000 for the financing of its acquisition.

10. Other creditors

	Mercantile House group £000	Mercantile House £000
Creditors and accrued charges	21,827	1,000
Current accounts with subsidiaries	—	3,026
Taxation	5,089	—
Advance corporation tax	792	792
Commodity customers' margin accounts	16,132	—
	43,840	4,818

11. Share capital

	Mercantile House £000
Authorised: 22,000,000 ordinary shares of 25p each	5,500
Issued: 17,611,469 ordinary shares of 25p each	4,403

There have been the following changes in the authorised and issued share capital of Mercantile House during the two years preceding the date of this document:—

(a) On 14th August, 1980, the authorised capital of Mercantile House was increased from £1,750,000 to £2,250,000 by the creation of 2,000,000 additional ordinary shares of 25p each, and 1,173,847 ordinary shares of 25p each were allotted by way of rights to existing holders of ordinary shares in the proportion of one new ordinary share for every five held at 220p per share.

(b) On 31st July, 1981, as part consideration for the acquisition of the share capital of R. J. Rouse & Co. Limited (now Rouse Woodstock Limited), 255,000 ordinary shares of 25p each were issued credited as fully paid.

(c) On 31st July, 1981, the authorised capital of Mercantile House was increased from £2,250,000 to £5,500,000 by the creation of 13,000,000 ordinary shares of 25p each, and 2,919,232 ordinary shares of 25p each were allotted by way of rights to existing holders of ordinary shares in the proportion of two new ordinary shares for every five held at 345p per share. On the same date 7,296,078 new ordinary shares of 25p each were allotted credited as fully paid to existing holders of ordinary shares, pro rata to their holdings, on the basis of one new ordinary share for each ordinary share already held by way of capitalisation of reserves.

(d) On 23rd April, 1982, as part consideration for the acquisition of the share capital of Charles Fulton Holdings Limited, 96,081 ordinary shares of 25p each were issued credited as fully paid.

(e) On 13th August, 1982, the authorised share capital of Mercantile House was increased from £5,500,000 to £31,000,000 by the creation of 22,000,000 additional ordinary shares of 25p each and 20,000,000 7.7 per cent. Convertible Redeemable Preference Shares of £1 each.

12. Reserves

	Mercantile House group 1978 £000	1979 £000	1980 £000	1981 £000	1982 £000	Mercantile House Year ended 30th April, 1982 £000
	Years ended 30th April					
Balance at beginning of the year	1,985	3,815	4,436	5,943	10,389	5,215
Profit retained for the year	609	624	1,096	2,396	4,442	1,255
Amounts taken direct to reserves						
Share premium	1,305	—	527	2,106	9,752	9,732
Exchange adjustments	(84)	(3)	(116)	(56)	1,901	—
Balance at end of the year	3,815	4,436	5,943	10,389	26,484	16,202
Revenue reserves	2,072	2,693	3,673	6,013	12,356	2,074
Share premium	1,743	1,743	2,270	4,376	14,128	14,128
	3,815	4,436	5,943	10,389	26,484	16,202

The reserves of the Mercantile House group and Mercantile House, other than share premium, are all considered distributable. No account has been taken of taxation which would arise if overseas reserves were remitted to the U.K. Share premium is stated after deduction of bonus issue capitalisations of £610,000 and £1,824,000 in the years ended 30th April, 1980 and 1982 respectively.

13. Guarantees and contingent liabilities

(a) Contingent liabilities existed at 30th April, 1982 in respect of trading obligations arising in the ordinary course of business of the Mercantile House group, for which no provision is considered necessary.

(b) Certain subsidiaries of Mercantile House have been named as defendants in a number of lawsuits in the U.S. arising in the normal course of business. In the opinion of the Directors, after considering all facts known to them and on the basis of legal advice, such litigation will not in the aggregate have a material adverse effect on the financial position of the Mercantile House group.

(c) Mercantile House has guaranteed the bank overdrafts of certain subsidiaries.

14. Capital commitments

Capital expenditure authorised at 30th April, 1982 amounted to £2,474,000, of which contracts were still to be placed for £1,500,000.

15. Subsequent events

(a) On 30th May, 1982 Mercantile House agreed, subject to various conditions, to purchase the Oppenheimer group for approximately £91 million.

(b) On 24th June, 1982 the Mercantile House group purchased the 25 per cent. minority interest in Saturn Lease Underwriting Limited for £325,000 from United States Leasing International Inc.

(c) On 7th April, 1982 the Mercantile House group agreed to purchase U.R.B. Commodities (Private) Limited, now renamed U.R.B. Rouse Woodstock (Private) Limited, for Singapore Dollars 1.6 million (£425,000) payable in cash.

16. Current cost accounts

The effect of adjusting the historical cost accounts to the current cost basis in accordance with the Statement of Standard Accounting Practice No. 16 is not considered significant as the statement below shows:—

	Year ended 30th April, 1981 £000	Year ended 30th April, 1982 £000
Group historical cost profit before taxation	7,330	14,403
Less: Depreciation adjustment	(74)	(295)
Add: Gearing effect of net monetary liabilities	6	18
Group current cost profit before taxation	7,262	14,126

	Year ended 30th April, 1982 £000
Consolidated net assets as shown by the historical cost accounts	30,970
Add: Revaluation of fixed assets	877
Consolidated current cost net assets	31,847

17. Geographical analysis

The geographical distribution of profit before taxation of the Mercantile House group is as follows:—

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
	Years ended 30th April				
U.K.	830	658	1,359	3,593	4,641
Europe	7	60	107	163	1,199
North America	603	1,228	1,487	2,891	7,707
Middle and Far East	342	641	633	683	856
	1,782	2,587	3,586	7,330	14,403

18. Principal subsidiary companies and changes in group structure

Subsidiary companies whose assets and results are considered to be material to the Mercantile House group are set out below.

Business	Place and date of incorporation	Issued share capital
Money broking		
M. W. Marshall & Company Limited	England, 27th March, 1952	£6,500
Marshall Woellwarth & Company Limited	England, 4th May, 1926	£12,000
M. W. Marshall (Sterling) Limited	England, 15th May, 1967	£1,100
Commerex Holding A.G.	Switzerland, 1st August, 1973	Sw. Fr. 1,000,000
Laster Marshall, Inc.	U.S.A., 27th March, 1970	100 no par value
Marshalls (Hong Kong) Limited	Hong Kong, 5th December, 1972	H.K.$10,000
Marshalls (Singapore) Pte. Limited	Singapore, 26th April, 1972	S.$100,000
Charles Fulton Holdings Limited	England, 6th July, 1951	£649,532
Kirkland-Whittaker Group Limited	England, 10th April, 1969	£178,479
U.S. fixed interest securities broking		
William Street Brokers, Inc.	U.S.A., 17th July, 1980	U.S.$100
Fundamental Brokers, Inc.	U.S.A., 20th April, 1970	U.S.$9,000,000 and 100 no par value
Commodity broking		
Rouse Woodstock Limited	England, 7th December, 1909	£505,000
Rouse Woodstock Inc.	U.S.A., 27th June, 1980	U.S.$1,000
Other financial services		
Saturn Fund Management Limited	England, 19th December, 1973	£250,000
Saturn Management Limited	England, 4th December, 1973	£100
Saturn Leasing Limited	England, 29th May, 1973	£100

The Mercantile House group made the following significant acquisitions during the five year period ended 30th April, 1982:—

Effective date of acquisition	Company or business acquired	Consideration
September, 1977	Laster Bros., Inc.	Issue of 560,000 ordinary shares
December, 1979	Woellwarth & Co. Limited	Issue of 369,231 ordinary shares; issue of £1,000,000 in loan notes; payment of £100,000 in cash
August, 1980	Fundamental Brokers, Inc. JFC Brokers, Inc. Primary Clearance Corp.	Payment of U.S.$8,500,000 in cash
August, 1980	Woodstock, Inc.	Payment of U.S.$3,000,000 in cash
July, 1981	R. J. Rouse & Co. Limited	Issue of 255,000 ordinary shares; payment of £1,425,000 in cash
July, 1981	Commerex Holding A.G.	Payment of Sw.Fr. 34,549,985 in cash
March, 1982	Charles Fulton Holdings Limited	Issue of 96,081 ordinary shares; payment of £6,110,000 in cash

Yours faithfully,

PRICE WATERHOUSE,
Chartered Accountants.

Appendix 2

Accountants' report on the Oppenheimer group

The following is a copy of a report to the Directors of Mercantile House and of S. G. Warburg & Co. Ltd. made by the joint reporting accountants Spicer and Oppenheim, Chartered Accountants, and Price Waterhouse, Chartered Accountants, on the Oppenheimer group:—

Spicer and Oppenheim,
St. Mary Axe House,
56-60 St. Mary Axe,
London EC3A 8BJ.

Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

13th August, 1982

The Directors,
Mercantile House Holdings plc.

The Directors,
S. G. Warburg & Co. Ltd.

Gentlemen,

As part of the arrangements for the acquisition of Oppenheimer Holdings, Inc. ("Oppenheimer Holdings"), prior to completion certain subsidiaries and other assets, subject to certain liabilities, will be transferred to a vendor. In addition, prior to completion a minority interest in a subsidiary will be acquired. The financial information set out below therefore reflects the completion of these arrangements. Oppenheimer Holdings and its remaining subsidiaries are referred to as "the Oppenheimer group".

Spicer and Oppenheim have examined the financial statements of the Oppenheimer group for the five years ended 31st January, 1982. Price Waterhouse have examined the financial statements of the Oppenheimer group for the year ended 31st January, 1982. The financial statements were prepared under the historical cost convention.

In our joint opinion, the financial information set out below, which has been prepared from the audited financial statements after making such adjustments as we consider appropriate, gives under the historical cost convention a true and fair view of the state of affairs of the Oppenheimer group at 31st January, 1982 and of the profits and source and application of funds of the Oppenheimer group for the year ended 31st January, 1982.

In the opinion of Spicer and Oppenheim, the financial information set out below, which has been prepared from the audited financial statements after making such adjustments as are considered appropriate, gives a true and fair view of the profits and source and application of funds of the Oppenheimer group for the four years ended 31st January, 1981.

No audited financial statements for any of the companies in the Oppenheimer group have been prepared for presentation to the shareholders in respect of any period since 31st January, 1982.

Consolidated profit and loss accounts

	Notes	1978 U.S.$'000	1979 U.S.$'000	1980 U.S.$'000	1981 U.S.$'000	1982 U.S.$'000
		Years ended 31st January				
Turnover	1					
Securities brokerage and trading		60,500	94,042	133,279	194,492	273,097
Fund management		11,661	13,068	19,150	30,887	45,482
		72,161	107,110	152,429	225,349	318,579
Profit/(loss) before taxation	2					
Securities brokerage and trading		(462)	4,947	6,819	24,502	16,653
Fund management		1,882	2,393	6,416	13,200	21,764
		1,420	7,340	13,235	37,702	38,417
Taxation	3	484	2,356	5,364	14,429	15,515
Profit after taxation		936	4,984	7,871	23,273	22,902
Minority interest	4	—	—	959	2,873	4,934
Profit attributable to shareholders		936	4,984	6,912	20,400	17,968
Dividends		—	—	—	72	285
Profit retained		936	4,984	6,912	20,328	17,683

Consolidated balance sheet at 31st January, 1982

	Notes	U.S.$'000	U.S.$'000
Assets employed:			
Premium on acquisition of minority interest			6,899
Fixed assets	5		10,747
			17,646
Current assets			
Amounts receivable in respect of U.S. securities purchased under agreements to resell		612,150	
Amounts receivable from customers	6	345,261	
Amounts receivable from brokers and dealers	6	245,316	
Securities in trading and investment accounts		228,834	
Other debtors		27,482	
Cash at bank and deposits		31,836	
		1,690,699	
Current liabilities			
Amounts payable in respect of U.S. securities sold under agreements to repurchase		1,050,076	
Securities sold but not yet purchased		56,755	
Amounts payable to customers	6	159,484	
Amounts payable to brokers and dealers	6	212,112	
Collateral loans payable	7	54,145	
Other creditors	8	75,245	
		1,625,627	
Net current assets			66,872
Subordinated debentures	9		(25,000)
Deferred taxation	3		(9,564)
			49,954
Financed by:			
Capital and reserves			
Share capital	10		6
Share premium			6,513
Reserves			42,100
Shareholders' funds			48,619
Minority interest	4		1,335
			49,954

Consolidated statements of source and application of funds

	1978 U.S.$'000	1979 U.S.$'000	1980 U.S.$'000	1981 U.S.$'000	1982 U.S.$'000
	Years ended 31st January				
Source of funds					
Profit before taxation	1,420	7,340	13,235	37,702	38,417
Adjustment for items not involving the movement of funds:—					
Depreciation	181	639	757	1,080	1,709
Total generated from operations	1,601	7,979	13,992	38,782	40,126
Funds from other sources					
Tax refunds	—	160	—	—	—
Debentures payable to parent	—	—	400	—	—
Subordinated liabilities	—	87	5,825	—	25,000
Total sources	1,601	8,226	20,217	38,782	65,126
Application of funds					
Dividends paid by the holding company	—	—	—	72	285
Dividends paid to continuing minority shareholders in subsidiaries	—	—	312	2,452	4,467
Tax paid	1,554	2,059	2,552	7,459	19,925
Fixed assets	768		1,699	4,625	5,281
Premium paid on acquisition of minority interests					6,899
Debentures payable to parent	1,000			3,460	4,400
Subordinated liabilities	755			—	21,143
	4,080	2,059	4,465	14,208	62,450
Increase/(decrease) in working capital					
Amounts receivable in respect of securities purchased under agreements to resell	104,234	116,585	(118,443)	61,503	438,496
Amounts receivable from customers	35,481	14,953	236,817	13,735	(29,664)
Amounts receivable from brokers and dealers	2,545	13,975	90,255	12,510	77,404
Securities in trading and investment accounts	51,080	56,503	(45,995)	37,290	70,615
Other debtors	3,201	305	9,680	1,267	(3,551)
Amounts payable in respect of securities sold under agreements to repurchase	(110,606)	(31,394)	(115,150)	(44,474)	(776,131)
Securities sold but not yet purchased	(58,338)	(94,803)	111,216	30,625	1,530
Amounts payable to customers	(10,496)	(26,357)	(58,068)	(19,230)	(9,128)
Amounts payable to brokers and dealers	(6,468)	(26,226)	(49,634)	(30,779)	(66,675)
Collateral loans payable	(7,269)	(13,435)	(25,025)	(29,494)	105,511
Other creditors	(8,250)	(3,788)	(19,279)	(12,799)	(7,000)
Total applications	894	8,347	18,877	34,442	43,657
Increase/(decrease) in cash resources	707	(121)	1,340	4,340	21,469

Notes to the financial statements

1. Accounting policies

The following are the principal accounting policies adopted by the Oppenheimer group.

Basis of accounting

The accounts have been prepared under the historical cost convention.

Turnover

Turnover with respect to securities brokerage and trading comprises commissions, profits on trading and investments, interest, dividends and fees from other financial services. Turnover with respect to fund management comprises management and advisory fees.

Securities transactions

Transactions in securities and related commission revenues and expenses are recorded on a settlement date basis. Securities owned and securities sold but not yet purchased are valued at market and the resulting unrealised gains and losses are reflected in turnover.

A subsidiary engages in transactions in Government National Mortgage Association ("GNMA") pass-through obligations for future settlement. Revenues and related expenses are recorded on a trade date basis. Receivables and payables arising from such transactions are recorded on a settlement date basis. Transactions open at the year end are valued at market and the resulting unrealised gains and losses are reflected in turnover.

Amounts payable in respect of securities sold under agreements to repurchase comprise repurchase agreements where a sale and simultaneous repurchase is made for settlement at a later date, and amounts receivable in respect of securities purchased under agreements to resell comprise resale agreements where a purchase and a simultaneous resale is made for settlement at a later date. The consideration for securities purchased under agreements to resell that extend to the maturity date of the securities and match short positions in the same securities is offset against the related sales with the net amount included in the financial statements. All other purchases of securities under agreements to resell and sales of securities under agreements to repurchase are treated as collateralised financing transactions and are included in the financial statements at their original purchase or sale amounts plus accrued interest.

Deferred taxation

Provision is made for deferred taxation in respect of timing differences in the recognition of income for tax and financial statement purposes, primarily unrealised appreciation on securities in trading and investment accounts.

Fixed assets

(a) Fixed assets are stated at cost to the Oppenheimer group.

(b) Leasehold improvements are amortised on a straight line basis over the lesser of the economic useful life of the improvement or the term of the lease. Depreciation on furniture and fixtures is provided on both straight line and accelerated methods over three to ten year periods.

Premium on acquisition of minority interests

The premium on acquisition of minority interests comprises the excess of cost over the net tangible assets acquired relating to the acquisition of substantially all of the subsidiaries' share capital previously held by minority interests, and is amortised over 30 years.

2. Operating profit

Operating profit is stated after charging/(crediting):—

	1978 U.S.$'000	1979 U.S.$'000	1980 U.S.$'000	1981 U.S.$'000	1982 U.S.$'000
	Years ended 31st January				
Interest income (included in turnover)	(8,029)	(15,053)	(36,198)	(54,776)	(119,211)
Depreciation and amortisation	151	639	757	1,080	1,709
Interest payable on:—					
Short term borrowings and repurchase agreements	5,128	15,039	31,651	47,045	109,630
Subordinated liabilities	1,514	1,767	2,360	3,707	4,815
Leasing and hire charges	7,023	7,526	9,594	11,419	13,130

3. Taxation

The charge for taxation, which is based on the profit for the year, comprises:—

	1978 U.S.$'000	1979 U.S.$'000	1980 U.S.$'000	1981 U.S.$'000	1982 U.S.$'000
	Years ended 31st January				
U.S. Federal and other income taxes:—					
Provision for current taxation	(28)	(136)	2,625	10,533	14,977
Provision for deferred taxation	512	2,522	2,739	3,896	538
	484	2,356	5,364	14,429	15,515
	U.S.$'000	U.S.$'000	U.S.$'000	U.S.$'000	U.S.$'000
Attributable to:—					
Securities brokerage and trading	(522)	1,117	2,114	7,849	4,377
Fund management	1,006	1,269	3,250	6,580	11,138
	484	2,356	5,364	14,429	15,515

Income taxes differ from the amount of the expected U.S. Federal tax expense rate of 46 per cent. primarily due to the effects of deductions for qualifying dividends, U.S. state and local income taxes, investment and other tax credits and income taxable at the alternative capital gains rate. Investment and other tax credits except for those arising in connection with the purchase of tax benefits are recognised as a reduction of the provision for U.S. Federal income taxes in the year in which the credits arise.

The deferred tax liability at 31st January, 1982 relates principally to the unrealised appreciation of securities in trading and investment accounts.

4. Minority interest

The consolidated financial statements include those of Centennial Capital Corporation which forms part of the group's fund management business since the Oppenheimer group holds voting control, although owning only 30.45 per cent. of the equity. The minority interest relates to the 69.55 per cent. equity interests held by third parties.

5. Fixed assets

Fixed assets comprise:—

	Leasehold improvements U.S.$'000	Furniture, fixtures and equipment U.S.$'000	Total U.S.$'000
Cost	7,093	10,381	17,474
Less: accumulated depreciation	1,928	4,769	6,727
Net book amount at 31st January, 1982	5,165	5,612	10,747

6. *Amounts receivable from and payable to customers and brokers and dealers*

The amounts shown represent the amounts receivable from and payable to customers, brokers and dealers in connection with securities transactions. The receivables are substantially collateralised by marketable securities. The amounts payable primarily represent free credit balances of customers and amounts payable against deliveries of marketable securities.

7. Collateral loans payable

The Oppenheimer group has bank loans secured primarily by securities owned, securities contributed pursuant to secured demand note agreements, securities purchased by customers in margin transactions or securities awaiting delivery on uncompleted transactions.

8. *Other creditors*

	U.S.$'000
Drafts payable	12,107
Notes payable	14,584
Taxation	1,854
Subordinated liabilities	1,760
Other liabilities and accrued charges	44,643
	75,245

9. Subordinated debentures

Subordinated liabilities at 31st January, 1982 represent U.S.$25,000,000 of unsecured 15 per cent. Volume-Indexed Sub-ordinated Debentures due 2001 ("the Debentures"). The Debentures, which are subordinated to all existing and future claims of non-subordinated and senior subordinated creditors of Oppenheimer & Co., Inc. ("Oppenheimer Brokerage") are redeemable on 30 days' notice at Oppenheimer Brokerage's option, and with regulatory approval, as a whole or from time to time in part, at declining premiums, except that the Debentures may not be redeemed prior to 1st July, 1986 as part of a refunding or anticipated refunding having an interest rate of less than 16 per cent. per annum. Annual sinking fund payments of U.S.$1,875,000 commencing 1st July, 1991 are calculated to retire 75 per cent. of the issue prior to maturity. The maturity date of the Debentures may be accelerated in the event of default of certain covenants or provisions. These, among other covenants and provisions, require Oppenheimer Brokerage to maintain net capital of not less than 7 per cent. (5.75 per cent. from May, 1982) of aggregate debit items arising from its customer transactions. The minimum rate of interest on the Debentures is 15 per cent. per annum. Holders of the Debentures are also entitled to additional interest up to a maximum of 4 per cent. per annum, which is payable at an annual rate of 0.2 per cent. for each 1,000,000 share amount, if any, by which average daily trading volume on the New York Stock Exchange, as defined, exceeds 48,000,000 shares.

The Debentures may be repaid only if, after giving effect to such payment, Oppenheimer Brokerage meets the U.S. Securities and Exchange Commission's net capital requirements (see note 13).

10. Share capital

	U.S.$'000
Authorised:	
100,000 shares of 8 per cent. cumulative preferred stock of U.S.$0.10 each	10
300,000 shares of common stock of U.S.$0.10 each	30
	40
Issued:	
61,000 shares of common stock of U.S.$0.10 each	6

11. Transactions with affiliated companies

Certain fund management subsidiaries supervise the investment operations of a number of mutual funds registered under the U.S. Investment Company Act of 1940. Certain officers and directors of these mutual funds are also officers or directors of Oppenheimer Holdings and its subsidiaries. The Oppenheimer group has, in addition to receiving management fees, obtained turnover from the mutual funds comprising brokerage commissions and sales charges of U.S.$2,171,000 in 1978; U.S.$2,290,000 in 1979; U.S.$3,665,000 in 1980, U.S.$3,905,000 in 1981, and U.S.$6,400,000 in 1982. In addition, the group earned brokerage commissions and fees from other affiliates of U.S.$376,000 in 1978; U.S.$1,091,000 in 1979; U.S.$2,225,000 in 1980; U.S.$3,001,000 in 1981, and U.S.$1,011,000 in 1982.

12. Commitments and contingencies

Long-term lease commitments

The Oppenheimer group occupies premises and leases computer equipment under non-cancellable operating leases expiring at various dates through 1991. Future minimum aggregate rentals under the leases are U.S.$37,709,000. The various leases contain provisions for rent escalation based on certain increases in costs incurred by the lessor.

Litigation

In the ordinary course of business, the Oppenheimer group has been named as defendant in a number of law suits. Included among these are two recently filed class action lawsuits alleging violations of the U.S. securities laws and seeking unspecified damages, with respect to which Oppenheimer & Co., a vendor, has agreed to indemnify and hold harmless Mercantile House Holdings plc, Mercantile House (U.S.A.) Inc. and Oppenheimer Brokerage. After considering all relevant facts (including the existence of such indemnification) and the opinions of outside counsel, it is the opinion of the Oppenheimer group and its General Counsel, who is an officer of a subsidiary, that such litigation will not in the aggregate have a material adverse effect on the Oppenheimer group's financial position.

Other

In the ordinary course of business, the Oppenheimer group has various commitments and contingencies outstanding. As at 31st January, 1982, these included: letters of credit in favour of securities clearing corporations and other brokers of U.S.$45,174,000; and guarantees of loans made and letters of credit issued in connection with sponsored property schemes of U.S.$2,895,000. In addition, a subsidiary had purchases and sales of GNMA pass-through obligations for future settlement amounting to approximately U.S.$137,000,000 and U.S.$139,000,000 respectively.

13. Net capital and other requirements of registered broker-dealers

Certain subsidiaries are registered broker-dealers and are therefore subject to the Uniform Net Capital Rule 15c3-1 of the U.S. Securities and Exchange Commission. As at 31st January, 1982, all of the registered subsidiaries were in compliance with the rule. Provisions of this rule may prohibit the subsidiaries from declaring dividends as their net capital approaches specified levels. At 31st January, 1982 Oppenheimer Holdings and its subsidiaries had capital of approximately U.S.$31,000,000 in excess of required regulatory capital available for the payment of dividends.

A subsidiary has segregated for the benefit of customers U.S.$11,450,000 of securities owned in accordance with U.S. Securities and Exchange Commission regulations.

14. Principal subsidiary companies and changes in group structure

Subsidiary companies whose assets and results are considered to be material to the Oppenheimer group are set out below. All are wholly owned, except Centennial Capital Corporation which is held as to 30.45 per cent. (50.01 per cent. of the voting stock), and are incorporated in the U.S.

Business	Date of incorporation	Issued share capital
Brokerage and trading activities		
Oppenheimer and Co., Inc.	31st July, 1969	U.S.$10,000
Oppenheimer Government Securities, Inc.	3rd March, 1977	U.S.$10,000
Oppenheimer Properties, Inc.	9th March, 1972	U.S.$1,000
Fund management		
Oppenheimer Management Corporation	25th January, 1960	U.S.$2,000
Oppenheimer Asset Management Corporation	19th May, 1931	U.S.$25,000
Centennial Capital Corporation	8th May, 1978	U.S.$50,000
Oppenheimer Capital Corp.	10th February, 1975	U.S.$150

The Oppenheimer group acquired the minority interests in certain subsidiaries held by Electra Investment Trust P.L.C. on 31st December, 1981. The consideration was satisfied by the issue of notes aggregating U.S.$12,000,000. *These notes were repaid on 1st February, 1982 from additional bank borrowings and cash balances.*

The acquisition agreement dated as of 31st May, 1982 provides, inter alia, for:—

(a) a minority interest of 7.44 per cent. in Oppenheimer Management Corporation to be acquired prior to completion of the acquisition; and

(b) certain subsidiaries (and other specified assets subject to certain specified liabilities) to be transferred to Oppenheimer & Co.

Yours faithfully,

SPICER and OPPENHEIM,
Chartered Accountants.

PRICE WATERHOUSE,
Chartered Accountants.

Continued overleaf

Continued from previous page

Appendix 3

Pro forma financial information on the Group

Set out below, for the purposes of illustration only, is a pro forma (summarised) profit and loss account and balance sheet of the Group following the acquisition of the Oppenheimer group. The pro forma balance sheet combines that for the Mercantile House group as at 30th April, 1982 and that for the Oppenheimer group as at 31st January, 1982 and the pro forma profit and loss account combines the results of the respective groups for the years ended on those dates, adjusted to reflect both the financing of the acquisition and the adjustments as set out in the notes attached to the pro forma statements.

Pro forma combined profit and loss account

[illegible]

Pro forma combined balance sheet

[illegible]

Letter relating to the pro forma financial information

[illegible]

Yours faithfully,
PRICE WATERHOUSE,
Chartered Accountants.

Appendix 4

Statutory and general information

1. Share capital

[illegible]

2. Borrowings

[illegible]

3. Articles of Association

The Articles of Association of Mercantile House contain, inter alia, provisions to the following effect:—

Voting

[illegible]

Dividends

[illegible]

Repayment of capital

[illegible]

Conversion and redemption of convertible preference shares

[illegible]

Variation of rights

[illegible]

Directors

[illegible]

Borrowing limits

[illegible]

4. Subsidiary companies

[illegible]

5. Directors' and other interests

[illegible]

agreed that they will not acquire ordinary shares carrying in the aggregate more than 2 per cent. of the voting rights to Mercantile House in any twelve month period for so long as they together hold 30 per cent. or more of the ordinary share capital.

The Board of Mercantile House has agreed to invite a representative of Globe to join the Board and Globe will have the right to nominate a Director for so long as it holds at least 15 per cent. of the ordinary share capital (assuming full conversion of the convertible preference shares) or convertible preference shares giving a right to convert into at least 15 per cent. of such ordinary share capital.

The Panel on Take-overs and Mergers ("the Panel") has granted to Electra, Globe and the Oppenheimer Partnership a waiver from the requirements of Rule 34 of the City Code on Take-overs and Mergers. The acquisition of shares carrying more than 30 per cent. of the voting rights in Mercantile House by these parties as a result of the acquisition has not therefore led to a mandatory requirement on them to make a general offer for the balance of the share capital of Mercantile House. In the absence of evidence to the contrary, such as substantial share purchases by the Oppenheimer Partnership, the Panel will not presume the Oppenheimer Partnership to be acting in concert with Electra and Globe.

6. Material contracts

(a) The Mercantile House group

The following contracts, not being contracts in the ordinary course of business, have been entered into by Mercantile House and its subsidiaries within the two years immediately preceding the date hereof and are, or may be, material:—

(i) Agreement dated 22nd July, 1980 between (1) S. G. Warburg & Co. Ltd. ("Warburgs") and (2) Mercantile House under which Warburgs agreed to underwrite a rights issue of 1,173,847 ordinary shares at a price of 220p per share for a commission of 2¼ per cent. of the gross proceeds of the issue out of which it paid a sub-underwriting commission of 1¼ per cent., a fee to the brokers to the issue and its own legal expenses.

(ii) Agreement dated 5th June, 1981 between (1) Gillett Brothers Discount Company Limited and (2) Charles Fulton & Co. Limited relating to the acquisition of Kirkland-Whittaker Group Limited for a cash consideration of £2,010,000.

(iii) Agreement dated 30th June, 1981 between (1) Bowater Corpn. P.L.C. and Gibbs Nathaniel Limited and (2) Mercantile House relating to the acquisition of Rouse Woodstock Limited for a consideration of £1,425,000 cash and 255,000 ordinary shares.

(iv) Agreement dated 1st July, 1981 between (1) E. Howald and Avinor Holding A.G., (2) P. E. Muller and Cosmofinanz A.G., (3) S. Fegel and Unirex A.G. and (4) Mercantile House relating to the acquisition of Cosmorex Holding A.G. for a cash consideration of Swiss francs 34,549,983 (£8.7 million).

(v) Agreement dated 6th July, 1981 between (1) Warburgs and (2) Mercantile House under which Warburgs agreed to underwrite a rights issue of 2,919,232 ordinary shares at a price of 345p per share for a commission of 2¼ per cent. of the gross proceeds of the issue out of which it paid a sub-underwriting commission of 1¼ per cent., a fee to the brokers to the issue and its own legal expenses.

(vi) Agreements resulting from an offer dated 17th March, 1982 between (1) Amin Holdings, S.A., J. P. Angehrn, Bay Investments (Jersey) Limited, J. C. Beavan, S. L. Bethell-Jones, J. S. Blackburn, C. G. Blows, P. G. Briggs, D. A. Brook, M. J. Clark, P. J. A. Coldstream, V. J. Cooper, Crossfriars Trust Limited, K. N. Daniels, E. H. N. Davies, Davies Trust, J. G. Elliott, A. M. Eykyn, Gill & Duffus Group Limited, D. Goodenough, I. L. Heustice, A. M. P. Howorth, P. Kempster, R. Kiefer, T. Learie, M. Lennon, J. S. Levine, J. L. Little, H. M. Lukye-Roskott, The Mercantile Investment Trust Limited, M. McVeigh, C. T. Morgan, J. C. S. Ng, R. S. O'Brien, O'Brien Trust, J. O'Reilly, R. D. Packshaw, E. M. Partridge, R. B. Phelan, M. E. Puddy, Robert Fleming Investment Trust Limited, Dr. E. S. Saba, H. R. Schweizer, F. A. Shair, R. Siebenmann, B. D. Smith, M. A. G. Walshaw, J. K. Warren, M. J. Wright, and Charles Fulton 1978 Act Trust and (2) Mercantile House relating to the acquisition of Charles Fulton Holdings Limited for a total consideration of £6,522,562.

(vii) Agreement dated 7th April, 1982 between (1) Bowater Far East Limited, (2) Temenggong Limited and (3) Martenborow Pte. Limited relating to the acquisition of U.R.B. Commodities (Pte.) Limited for a consideration of Singapore dollars 1,577,483 (£425,000).

(viii) Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership, (2) Mercantile House and (3) Mercantile House (U.S.A.) Inc. under which it has been agreed, subject to certain conditions, that Mercantile House (U.S.A.) Inc. will acquire 80 per cent. of the outstanding shares of capital stock of Oppenheimer Holdings, Oppenheimer Capital and Oppenheimer Management for a *total cash consideration of* U.S.$115,812,500 and a promissory note for *£6,812,465. The agreement* contains an option, exercisable within 7 days of completion by either the Oppenheimer Partnership or Mercantile House, which will be exercised by Mercantile House immediately following completion, for the exchange of the promissory note for 1,703,116 ordinary shares. The consideration for the grant of the option is part of the general consideration under the agreement. The purchase price will be reduced if, beyond a specified minimum, the advisory fees receivable by Oppenheimer Capital are reduced because of termination of advisory agreements by reason of the change to ultimate ownership of Oppenheimer Capital.

As part of the arrangements for the acquisition, certain shares of Oppenheimer Holdings have been redeemed from the Oppenheimer Partnership upon completion by (a) the transfer to the Oppenheimer Partnership of certain specified subsidiaries and assets, subject to certain liabilities, of Oppenheimer Holdings, which are unconnected with the principal businesses in which the Oppenheimer group is engaged and (b) a cash payment of U.S.$161,000. If the net income of the Oppenheimer group for the period from 1st February, 1982 to completion is either greater or less than U.S.$2 million, the cash payment will be adjusted (subject to certain adjustments) by an amount equal to 80 per cent. of the excess or shortfall (see also contract (xiii) below).

The agreement contains a number of warranties and undertakings relating to the corporate and financial position and the conduct of the business of the Oppenheimer group, including warranties as to the payment of and provision for tax and the absence of litigation. In the event of a breach of warranty, subject to a specified minimum and maximum, Mercantile House and Mercantile House (U.S.A.) Inc. will be entitled to indemnification by the Oppenheimer Partnership (see also paragraph 9 of this Appendix).

(ix) Agreement dated as of 31st May, 1982 between (1) Electra, (2) Mercantile House and (3) Mercantile House (U.S.A.) Inc. under which Mercantile House (U.S.A.) Inc. will, subject to the same conditions as those contained in contract (viii) above, acquire 20 per cent. of the outstanding shares of capital stock of Oppenheimer Holdings, Oppenheimer Capital and Oppenheimer Management in consideration of a promissory note for £17,887,088. The agreement contains an option, exercisable within 7 days of completion by either Electra or Mercantile House, which will be exercised by Mercantile House immediately following completion, for the exchange of the promissory note for 4,471,772 ordinary shares. The consideration for the grant of the option is part of the general consideration under the agreement. This agreement contains provisions for the adjustment of the consideration similar to those contained in contract (viii) above. It also provides for certain shares of Oppenheimer Holdings to be redeemed from Electra upon completion by a cash payment of U.S.$1,830,000. If the net income of the Oppenheimer group for the period from 1st February, 1982 to completion is either greater or less than U.S.$2 million, the cash payment will be adjusted (subject to certain adjustments) by an amount equal to 20 per cent. of the excess or shortfall (see also contract (xiii) below). In addition, this agreement provides for the payment by Electra to Mercantile House of an amount equal to 25 per cent. of any amount which the Oppenheimer Partnership may be liable to pay to Mercantile House by reason of a breach of warranty contained in contract (viii) above.

(x) Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership, (2) Mercantile House, (3) Mercantile House (U.S.A.) Inc. and (4) Electra containing an option for Mercantile House or Mercantile House (U.S.A.) Inc. to acquire 50 per cent. of the shares in Oppenheimer Gateway Properties, Inc. owned by the Oppenheimer Partnership and Electra for a price equal to 50 per cent. of the cost of such shares.

(xi) Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership and (2) Mercantile House under which the Oppenheimer Partnership has agreed to certain limitations on its future activities as set out in sub-paragraph 5(c) above.

(xii) Agreement dated as of 31st May, 1982 between (1) Mercantile House and (2) the Oppenheimer Partnership containing an option for Oppenheimer Properties to require the Oppenheimer Partnership to acquire notes of Oppenheimer Livonia Associates having a principal amount not exceeding U.S.$6,000,000 and its shares in Oppenheimer Livonia Partners, Inc. for a consideration equal to the cost of such notes and shares.

(xiii) Agreement dated as of 31st May, 1982 between (1) the [illegible] Partnership, (2) Mercantile House and (3) Electra whereby Mercantile House agreed to contribute approximately U.S.$5,000,000 to a compensation trust to be set up for the benefit of certain senior executives of the Oppenheimer group providing benefits which will vest in four annual instalments so long as they remain employed by the Oppenheimer group or in certain other circumstances as described in the agreement. The Oppenheimer Partnership and Electra have subsequently agreed to reduce the amount receivable by them in respect of the net income of the Oppenheimer group for the period to completion in consideration of which Oppenheimer Holdings will make a further contribution of U.S.$725,000 to this trust.

(xiv) *Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership and (2) Mercantile* House whereby Mercantile House agreed to maintain certain bonus compensation arrangements for employees of the Oppenheimer group.

(xv) Agreement dated 30th May, 1982 between (1) Mercantile House, (2) the Directors of Mercantile House and (3) Globe under which Globe has agreed to subscribe for 20,000,000 convertible preference shares at £1 per share and 5,000,000 ordinary shares at 400p per share, subject to (a) contracts (viii) and (ix) above being completed (or completed in escrow); (b) approval by the shareholders of Mercantile House; (c) an offer for sale of new ordinary shares being made; and (d) listing of the ordinary shares to be subscribed (subject to allotment).

(xvi) Agreement dated 30th May, 1982 between (1) Mercantile House, (2) the Directors of Mercantile House, (3) Globe and (4) Electra under which Globe and Electra agreed to underwrite an offer for sale of not more than 4,550,000 ordinary shares at an offer price of not less than 375p per share, subject to the same conditions (except that relating to the offer for sale), as those contained in contract (xv) above. Upon the execution of the subscription and purchase agreement with Warburgs, described in paragraph 7, the terms of this agreement were modified so that the total fee payable to Globe and Electra was the sum of (i) 2 per cent. of the total subscription price for the shares subscribed by Warburgs and (ii) £17,000.

(xvii) Agreement dated 30th May, 1982 between (1) Mercantile House and (2) Electra in which Mercantile House agreed to pay £323,588 as a fee to Electra in connection with the acquisition of the Oppenheimer group.

(xviii) Agreement dated 4th June, 1982 between (1) Charles Fulton (Brokers) Limited, (2) Charles Fulton (Financial Services) Limited, (3) Mitoplan Limited and (4) Mercantile House under which Fulton Packshaw Limited and Fulton Packshaw (Leasing) Limited were sold for a cash consideration of £700,000.

(xix) Agreement dated 24th June, 1982 between (1) Saturn Leasing Limited and (2) United States Leasing International Inc. ("USLI") under which Saturn Leasing Limited agreed to purchase USLI's minority interest in Saturn Lease Underwriting Limited for £325,008.

(xx) Agreement dated 12th July, 1982 between (1) Charles Fulton (Hong Kong) Limited, (2) Portquin Limited and (3) Mercantile House whereby Charles Fulton (Hong Kong) Limited has agreed to sell its business and assets for a cash consideration of £510,491.

(xxi) Agreement dated 12th July, 1982 between (1) Charles Fulton (Singapore) Limited, (2) Charles Fulton (Singapore) 1982 Limited and (3) Mercantile House whereby Charles Fulton (Singapore) Limited has agreed to sell its business and assets for a cash consideration of £298,079.

(xxii) Agreement dated 12th July, 1982 between (1) Charles Fulton (Hong Kong) Limited, (2) Charles Fulton (Singapore) Holdings Limited and (3) Mercantile House whereby Charles Fulton (Hong Kong) Limited has agreed to subscribe £2,515,631 for 6,000,000 Ordinary Shares of Charles Fulton (Singapore) 1982 Limited and to sell its shareholding in [illegible] Fulton (Singapore) 1982 Limited for a cash consideration of £6.5 million.

(xxiii) Agreement dated as of 16th July, 1982 between (1) the Oppenheimer Partnership, (2) Mercantile House and (3) Mercantile House (U.S.A.) Inc. whereby the Oppenheimer Partnership agreed to indemnify Oppenheimer Brokerage in respect of certain litigation.

(b) The Oppenheimer group

The following contracts, not being contracts in the ordinary course of business, have been entered into by Oppenheimer Holdings and its subsidiaries within the two years immediately preceding the date hereof and are, or may be, material:—

(i) Agreement dated as of 1st July, 1981 between (1) Oppenheimer Brokerage and (2) United States Trust Company of New York relating to Oppenheimer Brokerage's outstanding 18 per cent. Volume-Indexed Subordinated Debentures due 2001 in the aggregate principal amount of U.S.$25,000,000.

(ii) Revolving credit and term loan agreement dated 6th August, 1979, amended as of 15th March, 1982, between (1) Oppenheimer Brokerage and (2) Citibank NA (no amount outstanding as at the date hereof).

(iii) Term loan agreement dated as of 15th March, 1982 between (1) Oppenheimer Holdings, (2) Oppenheimer Capital, (3) Oppenheimer Management and (4) Citibank NA (U.S.$9,000,000 outstanding as at the date hereof).

(iv) Loan agreement dated 26th May, 1982 between (1) Oppenheimer Holdings and (2) Citibank NA (U.S. $1,607,000 outstanding as at the date hereof).

(v) Credit agreement dated as of 11th December, 1980 between (1) Oppenheimer Brokerage, (2) Oppenheimer Holdings and (3) Continental Illinois National Bank and Trust Company of Chicago (U.S.$3,000,000 outstanding as at the date hereof).

(vi) Agreement dated 9th November, 1981 between (1) Oppenheimer Properties and (2) Electra relating to Oppenheimer Properties' commitment to purchase, under certain circumstances, notes up to an amount of U.S.$6,000,000 of Oppenheimer Livonia Associates.

(vii) Three agreements dated as of 31st December, 1981 between (1) Electra and (2) Oppenheimer Holdings, Oppenheimer Management and Oppenheimer Capital respectively pursuant to which the latter companies purchased or redeemed the minority interests then held by Electra in the Oppenheimer group for an aggregate consideration of U.S.$12,000,000.

7. Subscription and purchase agreement with Warburgs

By an Agreement (the "Subscription and Purchase Agreement") dated 21st July, 1982 and made between (1) the Directors of the Company (other than G. B. Greaves), (2) J. Nash, S. Robert, N. Gantcher, D. W. Spiro and M. C. Stoddart (the "proposed Directors"), (3) the Company, (4) Electra and (5) Warburgs, Warburgs have agreed, subject to the completion of the contracts referred to in sub-paragraphs 6(a) (viii), (ix) and (xv) and subject to the whole of the issued ordinary share capital of the Company being admitted to the Official List (subject to posting of Letters of Acceptance) by the Council of The Stock Exchange by not later than 18th August, 1982 and on the basis of the warranties by the Company, the Directors and the proposed Directors and the indemnity by the Company therein contained, to subscribe for 4,550,000 ordinary shares (the "New Shares") and to purchase from Electra 1,450,000 ordinary shares (the "Electra Shares") in the Company (being the shares to be offered for sale) in each case at a price of 375p per share (the "Offer for Sale Price"), and to offer all such shares for sale to the public at the Offer for Sale Price. Under the Subscription and Purchase Agreement the Company will pay Warburgs a fee of ½ per cent. of the Offer for Sale Price in respect of each of the New Shares together with VAT thereon (if any). The Company will pay underwriting commissions and a fee to the brokers to the offer for sale totalling 1½ per cent. of the Offer for Sale Price in respect of the New Shares together with VAT thereon (if any). Electra will pay underwriting commissions and a fee to the brokers to the offer for sale totalling 1½ per cent. of the Offer for Sale Price in respect of the Electra Shares together with VAT thereon (if any). The Company will pay all costs and expenses, including those of Warburgs, (together with any VAT thereon) of and incidental to the offer for sale.

8. Premises

(a) The Mercantile House group

The principal U.K. and U.S. offices of the Mercantile House group comprise the following leasehold premises:—

Address	Floor area, square feet	Annual rent	Next rent review	Expiry date
66 Cannon Street, London EC4	13,015	£180,000	25th March, 1983	25th March, 1993
52/60 Cannon Street, London EC4	12,000	£155,640	Currently under review	4th July, 1992
34/40 Ludgate Hill, London EC4	16,650	£108,500	30th November, 1982	30th September, 1997
30/32 Ludgate Hill, London EC4	11,817	£110,000	25th March, 1985	18th June, 1994
76 William Street, New York	24,456	U.S.$281,632	1st February, 1985	31st January, 1990
90 John Street, New York	38,095	U.S.$847,030	1st July, 1986	30th June, 1996
222 South Riverside Plaza, Chicago	10,654	U.S.$123,693	—	30th September, 1985

Continued

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Aug 21-30	Motor Cycle Show (01-385 1200)	Earls Court
Sept 5-8	International Hardware Trades Fair (0727 63213)	Olympia
Sept 5-9	International Watch, Jewellery, and Silver Trades Fair (01-643 8040)	Earls Court
Sept 5-12	International Air Show (01-839 3231)	Farnborough
Sept 7-10	Label, Labelling, Marking and Identification Industry Exhibition—LABELEX (01-467 7728)	NEC, Birmingham
Sept 7-10	International Carpet Fair (021-705 6707)	Harrogate
Sept 12-16	International Woodworking Industries Exhibition—IWIE (01-486 1951)	NEC, Birmingham
Sept 12-15	MAB International Menswear Fair (0727 63213)	Earls Court
Sept 14-16	Coil Winding International '82 (0202 891339)	Wembley Conference Centre
Sept 19-21	National Bakers' Buying Fair (01-446 2411)	Barbican
Sept 21-23	Harrogate Fashion Fair (01-637 2400)	Harrogate
Sept 21-23	Environmental Health Exhibition and Congress (01-637 2400)	Scarborough
Sept 26-28	British Footwear Fair (01-739 2071)	Olympia
Sept 26-29	Fashion Shoes Exhibition (0462 50333)	Kensington Close Hotel

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Aug 18-21	Business Equipment and Computer Exhibition — COMBEX (0483 38085)	Hong Kong
Aug 19-21	International Electronic Packaging and Production Equipment Exhibition—INTERNEPCON (0483 38085)	Singapore
Aug 27-29	International Men's Wear and International Jeans Fair (01-730 4645)	Cologne
Aug 28-Sept 1	International Autumn Fair (01-734 0543)	Frankfurt
Aug 30-31	Fashion Samples Fair—INTERCHIC (01-749 3061)	Berlin
Aug 30-Sept 2	Iodro-Perfumery Exhibition (01-486 1951)	Utrecht
Sept 4-7	Women's Ready-to-Wear Clothing Show (Paris (1) 268-08.40)	Paris
Sept 6-11	International Shipbuilding, Marine, Small Ships and Fishing Exhibition (021-705 6707)	Korea
Sept 11-16	International Public Works Congress and Equipment Show '82 (01-637 2400)	Houston
Sept 14-18	International Electrical Technology Fair—FINNTECH (01-486 1951)	Helsinki
Sept 14-19	International Exhibition for Auto, Motor Car Workshop Service Station and Garage Equipment (01-734 0543)	Frankfurt
Sept 14-22	International Autumn Fair (01-486 1951)	Zagreb
Sept 18-21	International Sports Equipment and Leisure Goods Exhibition—SPOREX—ASIA (01-681 7688)	Singapore
Sept 21-23	International Exhibition and Conference for the Pharmaceutical, Cosmetics, Toiletry and Allied Industries—INTERPHEX (021 384 3384)	New York

BUSINESS AND MANAGEMENT CONFERENCES

Aug 23-27	Management Training Consultants: Techniques of supervisory and management training for trainers (0533 27062)	Leicester
Aug 25	Oyez/IBC: Deep water pipeline technology (01-242 2481)	Norway
Aug 30-Sept 1	Management Centre Europe: Developing high performance teams (02 219 03 90)	Brussels
Aug 31-Sept 2	FT Conference: Aerospace enters a new era (01-621 1355)	Grovenor House, W1
Sept 1	John Otteosooser: Tax planning — New Opportunities for the Professions (01-499 8281)	Savoy Hotel, WC2
Sept 6-8	Frost and Sullivan: Data communications: advanced concepts and systems (01-486 8377)	Mount Royal Hotel, London
Sept 7-10	Industrial Relations Services: Law for personnel industrial relations and works managers (01-328 4751)	Royal Horseguards Hotel, Ldn
Sept 7	Centre for Extension Studies; Contingency planning for bomb, arson and kidnapping threats (0509 263171)	Loughborough
Sept 9	Oyez/IBC: The art of negotiating (01-242 2481)	Hyatt Carlton Hotel, SW1
Sept 9-14	The Textile Institute: Textile machinery—Investing for the Future (061-834 8457)	Palace Hotel, Lucerne
Sept 13-15	Concrete Society: International symposium on concrete roads (01-235 6661)	Tara Hotel, W8
Sept 13-14	Frost and Sullivan: Understanding and using CAD/CAM (01-486 8377)	Mount Royal Hotel, W1
Sept 13-15	FT Conference: World Financial Futures (01-621 1355)	London Press Centre EC4
Sept 15	IPS: Currencies—Acquiring the Know-How (0990 23711)	Dragonara Hotel, Bristol
Sept 16-17	Bath University: Technology and product licensing for small and medium-sized firms (0225 61244)	Bath
Sept 17	Institute of Directors: The London International Financial Futures Exchange (LIFFE) (01-839 1233)	Pall Mall, SW1
Sept 21	Hoare Govett: Financial futures seminar (01-353 1090)	Plaisterers' Hall, London

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Bellers of Yorkshire, George Hotel, Huddersfield, 12.00
Control Securities, Cafe Royal, 68, Regent Street, W. 12.00

BOARD MEETINGS—
Finals:
Howard Shuttering
Impala Platinum
Brandon Smith
Vibroplant
Interims:
Barnes (Charles)
Daras Estates
Royal Insurance
Scottish Eastern Inv Tst

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Tst Db 2pc
Anderson Strathclyde Ln 4pc
Baker Perkins 3p
Bank of Communications Flt Rate Notes 1985 $639.01
Bell Bros 1.3p
British Land 12pc 1985 6pc
Cavell Property 0.6p
Estates and Agency Hldgs 1p
[illegible]
Sperry Corp 48cts
Standard Chartered Flt Rate Cap Notes 1990 $1000
Werner Communications Inc 25cts
Wilson (Ambrose) 5½pcPf 1.925pc

TOMORROW

COMPANY MEETINGS—
Grant (Godfrey), Bushey House, High Street, Bushey, Watford, 12.00
Fisher (Albert) and Turner, Griffin Brewery, Chiswick, W. 11.00
International Timber, Tower Hotel, St. Katharines Way, E. 12.00
Racal Electronics, Waldorf Hotel, Aldwych, WC. 11.45
Ruddle (G.), The Brewery, Langham, Oakham, Rutland, 11.30

BOARD MEETINGS—
Finals:
Sabre? Fields of South Africa
Meat Trade Suppliers
Interims:
First Scottish American Tst
Lovell (G.F.)
Metal Bulletin
Oliver?
Tyzor? (Woodrow)

DIVIDEND & INTEREST PAYMENTS—
[illegible]

WEDNESDAY AUGUST 18

COMPANY MEETING—
Boscombe Property, R. Fleet Street, Torquay, 12.00

BOARD MEETINGS—
Finals:
Conroman (K.O.) Intnl.
Copson (F.)
English Assoc
[illegible]
Interims:
Davies and Metcalfe
Greenings Electrical Appliances
English and Scottish Investors
Royal Dutch Petroleum
Securicor
Security Services
Sheet Transport and Trading
TR Pacific Basin Inv Tst

DIVIDEND & INTEREST PAYMENTS—
[illegible]

THURSDAY AUGUST 19

COMPANY MEETINGS—
[illegible]

BOARD MEETINGS—
[illegible]

DIVIDEND & INTEREST PAYMENTS—
Davis (Godfrey) (Hldgs) 2.5p
Greene King 4.7p
Grindlays Bank and Finance 7.5cts
Oakwood Grp 2p
Pilkington Bros 5.6p

FRIDAY AUGUST 20

COMPANY MEETINGS—
Ansl Inds, Allen House, Newarke Street, Leicester, 12.00
Bilton (Percy), Bilton House, Ealing, W. 12.00
Malaysian Estates, Glaziers Hall, 9, Montague Close, London Bridge, SE. 3.30
Leeds (John J.), Albany Hotel, Bothwell Street, Glasgow, 12.00
May and Hassell, Grand Hotel, Broad Street, Bristol, 12.00
Toothill (R. W.), Durham Way, Newton Aycliffe, Co. Durham, 12.00

BOARD MEETINGS—
Finals:
Banks (Sidney C)
Diamond Stylus
Pilco
Interims:
Fairbairn Building and Construction
Ward Hldgs

DIVIDEND & INTEREST PAYMENTS—
[illegible]

SATURDAY AUGUST 21

DIVIDEND & INTEREST PAYMENTS—
[illegible]

SUNDAY AUGUST 22

DIVIDEND & INTEREST PAYMENTS—
[illegible]

Financial Times Conferences

AEROSPACE ENTERS A NEW ERA
London—31 August, 1 & 2 September

The Financial Times and the Royal Aeronautical Society will jointly sponsor this three-day event arranged prior to the 1982 Farnborough Air Show. The conference will examine three main issues—the needs of the users of aerospace in the next two decades, the impact of new technological developments and how the international aerospace industry will meet the challenges ahead. A most impressive group of speakers will be participating including distinguished figures from the world's aerospace industry, their customers and regulatory authorities.

WORLD FINANCIAL FUTURES
London—13, 14 & 15 September

This World Financial Futures meeting has been arranged to precede the opening of the London International Financial Futures Exchange. It comprises two major events, an international two-day conference preceded by a one-day training seminar. The conference will analyse developments in financial futures markets worldwide and will focus on the views of the regulators as well as financial and corporate users. The seminar will provide practical assessment of hedging, arbitraging and trading techniques.

All enquiries to be addressed to:
The Financial Times Limited
Conference Organisation
Minster House, Arthur Street
London EC4R 9AX

Tel: 01-621 1355
Telex: 27347 FTCONF G
Cables: FINCONF LONDON

APPOINTMENTS

New finance man at Fairclough

Mr Alan Robson has joined FAIRCLOUGH CONSTRUCTION GROUP as financial director, based at Sandiway, Cheshire.

★

Mr Peter J. Lee, a managing director of THE UNION DISCOUNT COMPANY OF LONDON, will retire from the company on September 30, and will be taking up another appointment in the City of London.

★

Following its recent formation of a heavy commercial vehicle division, VAG (UNITED KINGDOM) has appointed a new director, Mr Richard Ide, who will be responsible for the marketing of all heavy trucks, buses, and coaches produced by MAN and the MT range of medium trucks produced jointly by Volkswagen and MAN.

★

The board of the RADIO MARKETING BUREAU announces that Mr Arthur Fenning has been appointed chairman of the board.

★

Mr David K. Bond has been appointed managing director of INTERNATIONAL CONTAINER LEASING (UK) London, subsidiary of International Container Leasing, Toriola. Mr Bond was group legal advisor for Trans Container Services.

★

Mr W. J. Hayford has been appointed managing director of TRIUMPH ADLER'S UK operation. He joined the company in 1979 and was general manager.

★

HERTZ EUROPE, has appointed Mr Peter Judson as general manager Hertz Car Leasing in the UK.

★

Mr William Wyndham, formerly chief executive, has become chairman of STONE & COX (PUBLICATIONS). Mr Brian Cummings Knight has been appointed managing director. He was previously managing director of Kluwer UK Holdings. Mr Chris Morrison has been appointed editor of Policy Market.

★

Mr Patrick M. Cashman has been appointed managing director of STANG-WIMPEY DEWATERING, a company jointly owned by Wimpey Laboratories and Stang Hydronics Inc of California. He was until recently managing director of Skyes Construction Services.

★

COMPUTER PICTURES CORP, London, has appointed Mr Floyd Bradley as first vice-president Europe.

★

Mr F. H. Hughes has become development and marketing manager for CEMENTATION GROUND ENGINEERING, a Trafalgar House Company. He was development manager. At another Trafalgar House company Mr Robert Spence has been appointed marketing manager of CEMENTATION PILING AND FOUNDATIONS. He was the chief estimator.

★

Mr A. E. (Tim) Wernly has been appointed chairman of SCANTRUCK and Mr Christopher Robinson becomes managing director following the retirement of Mr Ray Fisher. Mr Wernly is chairman of Scania (Great Britain). Mr Robinson joined Scantruck as general manager in December last year having been general manager of Wearne Brother Services, one of Malaysia's largest automotive importers/assemblers. Mr Fisher will continue his association with Scantruck as a consultant.

★

Mr Hugh Hunter Jones is to be reappointed as chairman of the HOTEL AND CATERING INDUSTRY TRAINING BOARD for a further year from November 7. Mr Hunter Jones formerly director of licensed houses, Bass Marketing, has been chairman of the Board since 1973.

★

SELKIRK COMMUNICATIONS has made the following changes in the management structure of its wholly-owned subsidiary company, Seltech International. Mr William E. Jeynes, previously managing director is elected chairman-chief executive officer; Mr David F. Craddock, previously sales director is elected managing director-chief operating officer; Mr Brian A. Wallis, director of corporate affairs for the UK of the holding company, is in addition elected director of administration of Seltech International; and Mr Kenneth A. Baker, vice-president, Selkirk Communications Canada and managing director Selkirk communications London is elected to the board of Seltech International.

★

Mr Richard Barrett has been appointed technical director of RACAL-REDAC. He was previously software systems manager with Quest Automation.

★

Mr Derek D. Rintoul and Mr Alan F. Hume have been appointed directors of WILLIAMS (HOUNSLOW), a division of Morton Norwich Products Inc., Chicago.

★

Mr Sam Silkin, has been appointed BPCC group deputy chairman. He is a director on the main board and chairman of Waterlow Publishers, subsidiary.

★

The London branch of HESSISCHE LANDESBANK-GIROZENTRALE, Frankfurt, has appointed Mr Hans-Jürgen Schlichting as general manager replacing Mr Ronald A. Copeman who, although retiring from active management, will remain an adviser.

BUILDING AND CIVIL ENGINEERING

British contractors fall back in Middle East jobs race

THE VALUE of contracts obtained by UK construction companies in the Middle East has halved since the peak years of 1977-78 and Britain "is no longer a significant force" in that market, according to a report from Savory Milln, the London stockbrokers.

After a recent visit to Egypt, Iraq, the United Arab Emirates and Oman Mr Bob Erith, who heads his firm's building research team, notes that Britain's share of the market fell to only 3.7 per cent in 1981—its lowest level ever—from 5.3 per cent in 1980 and around 10 per cent at its peak.

The overseas country with the largest share of available work is South Korea which last year took about 11 per cent of the market. It was awarded $13.7bn of contracts overseas, over $9bn ($5.2bn) in the Middle East.

South Korea was followed by West Germany and Japan, each of which got about 9 per cent of the Middle East contracts available, both countries gaining from the depreciation in their own currencies. Other countries whose contractors have a major stake in the Middle East include the U.S. (8 percent), the Netherlands, France, Italy and Turkey.

Despite all this, the region is still the most important overseas area for many leading UK contractors, who last year took a smaller slice of a much bigger cake. In 1981 the value of contracts reported by Middle East Contracts: Directory and Analysis (MEDCA) soared by 77 per cent to $81bn, although second half activity was not as great as in the first six months.

UK contractors are having to come to terms with the fact that, in most countries, local contractors are now obtaining the bulk of the work. In most areas UK companies are having to work in joint venture or as minority partners with local concerns and their best hopes for the future, says Mr Erith, lie in specialist work, in joint ventures, and in sub-contracting.

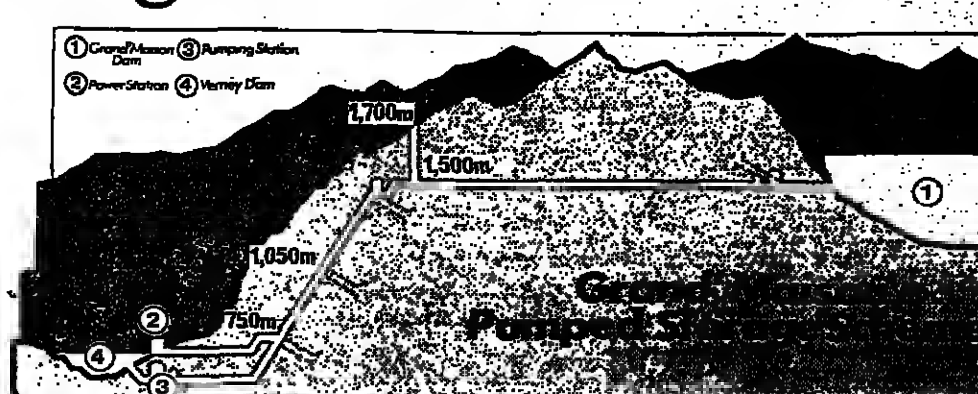
The need to be flexible does not stop here. For the past decade, say the brokers, the main work for British companies has been in the UAE and in Saudi Arabia but it is now clear that the major opportunities for the UK area are going to be in Egypt and Oman.

In addition, they say, the fall in oil revenues which will result in OPEG countries having no balance of payments surplus in 1982/1983 will "inevitably" mean a cutback in construction projects, which in most countries has already begun. For the same reason, finance for government and private schemes is likely to be more difficult to find.

Taking in the additional risks imposed by the Lebanon war and the Iranian invasion of Iraq, overseas contractors in the Middle East are clearly having to work even harder than they did before.

WILLIAM COCHRANE

French fight to contain costs



SOARING COSTS have forced a major re-think on the formulation of contracts for the Grand' Maison pumped water storage scheme high in the French Alps, to the east of Grenoble.

When work on the scheme began in 1978, Electricite de France, the client, estimated total costs of the project at FFr 2.5bn (£210m). Without taking inflation into account, the figure had, by the beginning of this year, risen to FFr 3bn (£254m).

The project involves the construction of two dams, the 140hm³ capacity Grand'Maison at an altitude of 1,600m and the 15.6hm³ capacity Verney at an altitude of 760m, linked together by a 16km long tunnel. When the project is completed, water will be released from the Grand'Maison to race down the tunnel at a head of 1,000m to the power and pumping station at the Verney dam.

Work on the main access roads and the Verney dam are now near completion, but the building of the Grand-Maison dam and the driving of the connecting tunnel is still in its early stages. Work is limited to just one "season" e year because of the severe winter conditions on the mountain top.

But even work in the summer season is not without its problems. Contractors on the site are faced with hidden rock faults and unstable terrain in an exposed, remote and near-inaccessible site. The skilled workforce is swollen every summer by largely young and inexperienced workers who have to be trained on site. As a result contractors' costs have soared.

EDF began by granting contracts at real costs, at the time regarded as a fair approach because it was anticipated that contractors would face money-consuming, unforseeable difficulties.

But the scale of the problems exceeded all expectations. Contractors, trying to defray their increased costs by as much as possible, have been trying to account for every gramme of material removed even when this has been an essential part of the main task like cleaning off and stabilising the sides and embankments of the dams.

In an attempt to slow down the costs rise, EDF has now switched to granting individual, step-by-step contracts at fixed prices and under rigorous examinations.

But despite the problems, Grand Maison is a abot in the arm for France's depressed construction industry. All work is being carried out by Societe du Construction du Barrage de Grand Maison, a company set up by the contractors for the duration of the project. The chairman and directors of the board are provided by Razel (the lead contractor), Bec Freres, Bouygues, Chagnaud, Les Chantiers Modernes, Dumez, Dragage TP, Grand Travaux de Marseille BTP and Societe General d'Entreprises.

Excavating the Grand Maison dam and building its 160m high embankment is probably the biggest earthmoving operation currently being carried out in Europe. So far, 1.85m cubic metres of material has been moved from the site, with the embankment raised to about 28m above its lowest point.

Ten million cubic metres of material has still to be shifted and 30m has to be added to the embankment by 1984 to bring it up to the 100m level required prior to partial filling of the reservoir.

Because of the conditions, 90 per cent of the earth-moving rock extraction and spoil clearance is carried out by hydraulic excavators; some machines are working on narrow benches on the edge of a 300m vertical cliff face. The bulk of these excavators are provided by Poclain under a contract guaranteeing 80 per cent availability.

But while the contractors are digging their big hole at the top of the mountain, EDF is trying to climb out of one at the bottom. Last year the organisation suffered a record loss of FFr 4.6bn against profits of FFr 272m in 1980. While increased site costs were a significant factor, a major part of the deficit was due to a 70 per cent increase in financing charges to FFr 14bn, or nearly a fifth of all revenues.

EDF has borrowed over FFr 50bn in the last two years to finance projects, including the Grand Maison, under its National Energy Programme. Of that, 80 per cent or FFr 40bn has been raised through foreign banks.

TOM SEALY

Cement price agreement 'threatened by imports'

THE POSSIBILITY of large-scale imports of continental cement into the UK could force fundamental changes in the basic structure of British cement-based industries, according to a study conducted by de Zoete & Bevan, the London stockbrokers.

At least two companies are pursuing plans to import European cement into the UK, where producers have been forced to curtail price increases because of the recession and because of the threat of overseas competition. Even so, the brokers claim, prices of UK cement are invariably substantially higher than elsewhere in Europe.

The report says that plans by two importers could provide enough importing capacity to satisfy up to 20 per cent of the demand of the equivalent of the London and south eastern counties' markets.

The brokers, who emphasise that the prospects for large-scale imports remain unclear, say the threat of foreign penetration could lead to the disbanding of the industry's common price agreement, creating competition between UK cement makers as well with foreign suppliers. It could also provoke ready mixed producers and UK cement manufacturers to abandon traditional demarcation lines and enter each other's markets.

According to de Zoete and Bevan, British manufacturers have seen deliveries fall by 36 per cent since 1973 and the prospect of imports could step up the need for more efficient manufacturing processes.

The report comments: "It remains to be seen if the UK cement producers can do what some other British industries have failed to do; namely to minimise the threat posed by potential imported competition without suffering reduced profits. The UK cement industry has the will and some of the means to defend itself.

The brokers provide a list of possible defensive measures, ranging from a reduction in prices, a cut in quality to project margins, the importing of cement by the UK manufacturers themselves or—in extreme circumstances—the exportation of cement on a marginal costs basis in the hope of inflicting substantial damage to the importers' domestic market positions.

MICHAEL CASSELL

ECGD backs loan for Cementation job

THE EXPORT Credits Guarantee Department has guaranteed the repayment and funding of a US$235m (£135m) loan to help finance the construction by Cementation International of the Qaboos university complex in Oman.

The loan has been made available by Morgan Grenfell, on behalf of a syndicate of banks, to the government of the Sultanate of Oman.

Cementation, part of the Trafalgar House group, won the contract—one of the largest overseas orders to be won by a single UK building contractor—in March. The work involves the construction of five faculty buildings, student and staff accommodation block, mosque and amphitheatre. Sports and recreational facilities will also be provided.

The total cost of the project has been put at £215m and, under the financing arrangements, British suppliers of goods and services for the university project could gain export orders worth over £130m.

Completion is timed for the start of the 1986-87 academic year. Architects are YRM International of London.

The banks in the loan syndicate are Morgan Grenfell, Lloyds Bank International, Arab Bank, Bank of America NT and SA, Bank of Nova Scotia Trust (UK), International Westminster Bank, Kleinwort Benson, Midland Bank and Societe Generale Bank.

MICHAEL CASSELL

Few entrants for RIBA awards

THE CHANGING pattern of architects' work and a continuing emphasis on mainly small-scale projects are reflected in RIBA's awards for Architecture 1982.

There are only two awards and 15 commendations, however, making 1982 share with last year the dubious honour of providing the lowest number of awards since the scheme's inception in 1965.

Winning projects area radio chemical centre for Amersham International at Cardiff, and St John Ogilvie's Church at Irvine.

UK CONTRACTS

AMONG £14m of new orders for ESPLEY-TYAS CONSTRUCTION are offices, sheltered housing, supermarket extension, a transport depot and a major refurbishment scheme at Cardiff Central Station.

Work is under way on an office construction contract which calls for a multi-storey building at the junction of Church Street and Cornwall Street in central Birmingham.

Another major office development is at Gloucester Street, Bristol, which is due to be completed next March and provide 117,000 sq ft of high quality accommodation.

*

ONE OF the biggest single curtain walling projects ever undertaken in the UK is GRUNDY (TEDDINGTON) GROUP'S £12m contract for the external cladding for Heathrow's new Terminal 4 building.

The curtain walling is made up of very large glazed panels incorporating laminated, tinted and heat absorbing reflective glasses, purpose designed acoustic panels and anti-radar panels. These are all fixed into a light bronze coloured aluminium glazing grid.

The installation has been put through a series of stringent sound attenuation tests which have had the effect of reducing aircraft noise to sound levels experienced in the normal office environment.

*

A SECOND block of offices at Swindon for Hambro Life will be built by TAYLOR WOODROW which carried out a similar job for the same client there two years ago.

Worth £9m, the five storey building is the first part of a three-phase development in the town centre and is designed as an L shape to have a floor area of about 140,000 square feet.

It will have a reinforced concrete frame and will be clad externally with curtain walling panels with a synthapulvin finish. The contract also includes mechanical and electrical services. Work is scheduled for completion in March 1984.

*

CLARKE CONSTRUCTION'S Midlands regional office announces a batch of work worth around £5.8m.

Schemes include industrial units at Redditch and a warehouse at Stockport for ICFC; Bloxwich town centre redevelopment; 33 flats at Oldbury for Jephson Housing Association; a school at Stoneydelph, Tamworth; a TAVR centre at Telford; and a Homebase store at Oldbury.

*

THE Birmingham office of WIMPEY has new work totalling nearly £4.5m including a £770,000 maintenance scheme for the City of Birmingham involving internal and external redecoration of municipal properties in Sutton Coldfield, Kingstanding, Perry Common, Erdington and Castle Vale.

As a continuation of its work on the Parkfields Estate, Water Orton, the company recently started building timber framed homes for Solihull DC under a £1.28m contract.

CONTRACT OVERSEAS

WIMPEY ALAWI has won a £8m order from John Brown Engineering for civil and building works for a 250 MW power station in Rusayl, Oman.

The work has just started and will involve construction of turbine and ancillary foundations, control and administration buildings and some associated external works.

Housing finishes buoyant at Milton Keynes

IN THE first quarter of its financial year, Milton Keynes Development Corporation reports the highest number of private housing completions in the city since development began there in 1967.

Figures show 367 housing finishes—325 by private developers and 42 on plot sites—well on the way to achieving the Corporation's target of 1,100 completions this year, if there are no sharp changes in the market.

TECHNOLOGY

EDITED BY ALAN CANE

Australian invention starts to reap rewards

How to save money in the wool spinning business

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

A SIMPLE process invented in Australia four years ago and reformed at Ilkley in Yorkshire is beginning to reap enormous benefits for worsted spinners in Europe. Next year it is hoped that the component will be on sale in the U.S. and throughout the Far East.

The component is called Sirospun and is a cost-saving device enabling production capacity of worsted spinning machines to be doubled. A yarn manufacturer can save 40 per cent of the cost of a medium yarn through adapting bis machinery to its use and with finer counts of yarn the savings can be between 50 and 60 per cent.

The component has particular attractions for the manufacturers of worsted cloths since their process consists essentially of twisting two strands together. To do this the machine must assemble, wind and two-fold twist. Sirospun telescopes these actions into one, allowing a two-fold yarn to be produced direct from the spindle.

Efficiency of spinning is improved and it is easier to spin the fine worsted yarns. But essentially, the process is all about cost effectiveness. For a small outlay — as little as a quarter of the cost of a spinning spindle — great savings ere possible.

Sirospun takes its name from the Commonwealth Scientific and Industrial Research Organisation in Australia, which invented the process. But the technology was polished up at the International Wool Secretariat's technical centre in Ilkley.

In the 12 months since the component has been on the market some 50,000 have been sold in Europe, two-thirds of them in Germany and almost all the rest in Britain. Within the next two years Mr W. V. Morgan, the centre's textile engineering manager, hopes that 300,000 will be sold.

"The world market runs into millions," he says. "We have only just begun to scratch at the surface of what we might do with this inexpensive piece of equipment".

He admits to being disappointed at the relatively slow rate of acceptance for Sirospun by British manufacturers but as a senior executive with an international body he is pleased at the world-wide reception the component bas had.

The IWS is the promotional and technical arm of the world's wool producers, the farmers of Australia, New Zealand and South Africa and Uruguay in particular. Its international headquarters are in London and there are local branches in 30 countries.

The centre at Ilkley is the technical arm for the international organisation and the fact that both technical and organisational headquarters are based in the UK is something of e coincidence.

Pure research is undertaken in many countries and the IWS also sponsors some through outside bodies. But the job of Ilkley, with its 240 staff, which was set up in 1968, is to develop and pass on the research which comes out of the various centres, such as that in Geelong, Australia.

Mr Ian Graham, whose title of director of research and development hides his responsibilities as chief executive at Ilkley, says that the work of the centre is to try to improve the efficiency of wool as a fibre.

"Wool accounts for about 6 per cent of the take of fibres, natural and man-made, every year. At Ilkley, we look at every aspect of its use, from scouring to garment manufacturing.

"Our main aim is to get the consumer to use more wool and if this means that we have to know about textile machinery then we do work in that field too.

"What is tending to happen now is that we are moving back nearer the original problems. Environmental problems are becoming increasingly important. Scouring, for instance, is a heavy user of weter, which means high rates. Effluents pollute our rivers and governmental controls are increasingly stringent.

"So what we are trying to do is to operate at the interface not only between research and technology but also between technology and aociety."

Mr Graham joined IWS's British branch in the 60s from ICI, where be apecialised in dyeing and printing. He is aware of the need for the centre to come to terms with the changing relationship between the international body and the national organisations.

Fundamental

"The tendency is for individual wool-producing countries to take more and more responsibility for fundamental research, which means we will increasingly have the difficult but most rewarding role of transferring the technology into industrial applications."

Mr Graham operates with a budget of nearly £4m. He believes that the staff he has is about right in numbers for the work the centre does and could do.

The different possible uses for wool. The model is wearing a needle punched Shetland sweater while the fireman has a flame resistant and water repellant wool worsted serge uniform

"You can always make out e case for more and, indeed, we might want more in a year or two. But wool is a quality fibre. If you buy wool you buy the best. It will never be a big volume product and so is e prestige fibre. The size of the industry, and thia centre, and what is can absorb ara therefore inter-related."

He is very keen et the moment to push the flame-retardant qualities of wool. The disadvantages of using other fibres was highlighted in the Falklands.

Many of the serious burns suffered by the sailors were exacerbated by the tendency for some fibres to melt under great heat and to seep into the burnt skin. Zirpro (or zirconium processed) treated wool gives, he cleims, a much greater protection.

The zirpro treatment was invented at Ilkley 11 years ago by Dr Ladislav Benisek, a Czech emigré, and was originally intended for carpets. It has since been shown to work equally well on fabrics and bas been chosen by airlines for seat covers and fire brigedes for uniforms. Recently, the Home Office has tested the treated woollen cloth for possible use by the police.

The work of Ilkley is not ell about esoteric processes, though. This autumn woollen sweaters will be on sale in the shops which bave roving strips needle punched on to them. There will also be garments with a sculptured effect, in which parts of them are milled and parts not.

Another development in the shops from next month will be embossing by which a pattern is transferred on to a plain garmant.

These are ways in which the final consumer can aee the work done at Ilkley. Whether it is the spinner, the customer in the shop, or the fireman who benefits directly Mr Graham's satisfaction comes from knowing that wool is being used by a wider audience.

Booklet published

INFORMATION on fibre optic systems including light sources, lasers, and optic monochromators, are detailed in a 65-page booklet designed to introduce apparatus which can make optical measuring and analytical techniques easier.

It's obtainable from Oriel Scientific, PO Box 136, Kingston on Thames (01-549 4525).

Axles compromise for the difficult sites

CHOOSING between on-road and off-road trucks is a dilemma for vehicle operators faced with moving materiala betwen construction sites by road.

A rigid chassis road vehicle is less efficient than an articulated off-road vehicle in soft going, and vice versa.

Now Fruehauf AG of Germany and Poclain SA of France have come up with a compromise solution—a rigid chassis semi-trailer with "motorised" axles.

Adverse

The development stems from an original Poclain idea of imparting extra power to non-driven road wheela by incorporating hydraulic motors in the axle hubs.

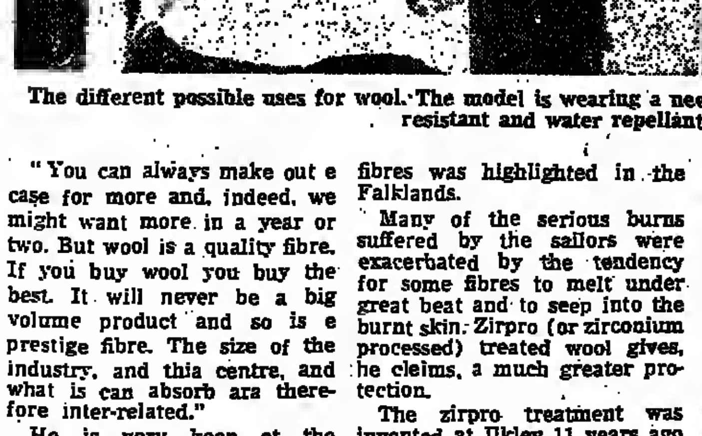
Controlled from the tractor cab, the motors can be engaged at will to provide extra driving or braking power to the wheels in forward or reverse motion. The effect is to boost the mobility of the truck under the most adverse site conditions.

Fruehauf's contribution has been the design of the axles themselves and a heavy-duty, 17 cubic metre capacity, 24 tonne payload tipper built to meet construction site requirements.

The result is a semi-trailer with full on-road capability, but with the added facility to travel easily and effectively in extreme off-road conditions.

The design has had more than 150,000 hours operation in France in a variety of configurations, mainly dumpers and truck mixers, by a number of contractors. It is now to be marketed abroad.

TOM SEALY



The Fruehauf-Poclain motorised axle

Corrosion

Concrete protection

BASF HAS developed a coating for concrete that prevents rusting of the reinforcing bars embedded within.

When the bars rust their volume increases and can seriously weaken the concrete. The problem seems to be growing: in Germany, for example, the Munich Olympic Village, barely 10 years-old, has already suffered damage put et several million marks.

When cement crystallises on setting, e proportion of calcium hydroxide is formed which keeps the material alkaline and prevents rust formation.

But the carbon dioxide in the atmosphere can always find its way into the microscopic pores and cracks in the concrete where it reacts with the hydroxide to form a neutral salt (calcium carbonate) and water. Eventually the preventative hydroxide is used up so that rust can start.

The BASF coating, which uses polymerising plastics, can stop this carbonisation process almost completely by alowing down the ingress of both carbon dioxide and sulphur dioxide to e thousandth of the normal rate.

More from BASF, Farben und Fasern AG, Offentlichkeitsarbeit, Max Winkelmannstrasse, 80, D-4400 Munich-Hiltrupp.

Label Dispenser

LAWTONS of 60 Vauxhall Road, Liverpool (051 227 1212) now has available the Lawco-Stielow U45 label dispenser, which, the company claims is ideal where such a unit might be needed for movement from one department to another.

The dispenser peels the backing papar off self-adbesiva labels and feeds them one by one into a pick-up position where they can be taken off by the fingertips. It costs rather less than £200.

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

HONG KONG

JAPAN

NORWAY

ITALY

AUSTRALIA

GERMANY

SINGAPORE

SWEDEN

SWITZERLAND

SOUTH AFRICA

BRAZIL

TEL AVIV

AUSTRIA

BELGIUM/LUXEMBOURG

FRANCE

DENMARK

Indices

NEW YORK —DOW JONES

	Aug. 13	Aug. 12	Aug. 11	Aug 10	Aug 9	Aug. 6	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
● Industr'ls	788.05	776.92	777.21	779.30	780.35	784.34	882.52 (4/1)	776.92 (12/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	60.05	60.16	59.83	58.88	60.04	60.52	60.27 (27/5)	60.67 (12/2)	—	—
Transport.	035.49	292.12	293.17	293.69	293.89	297.86	398.48 (7/1)	282.19 (12/8)	447.38 (19/4/81)	12.32 (8/7/32)
Utilities	106.51	104.28	103.77	103.54	103.81	104.51	116.96 (7/5)	100.22 (30/7)	166.02 (20/4/69)	10.0 (28/4/42)
TradingVol 000-†	44,729	50,669	48,000	52,666	54,860	45,680	—	—	—	—

● Day's high 790.62 low 774.54

	Aug 6	July 30	July 23	Year ago (Approx
Indust'l div. yield %	7.13	6.92	6.73	5.85

STANDARD AND POORS

	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 6	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	113.62	114.88	114.22	114.67	114.37	115.69	157.38 (4/1)	114.06 (12/8)	160.36 (28/11/80)	3.52 (30/6/32)
§Comp'ste	103.86	102.42	102.85	102.84	103.08	103.71	122.74 (4/1)	102.42 (12/8)	140.52 (28/11/80)	4.40 (1/6/32)

	Aug. 11	Aug. 4	July 28	Year ago (Approx)
Indust'l div. yield %	6.26	6.08	5.98	4.75
Indust'l P/E ratio	7.14	7.40	7.54	8.84
Long Gov. Bond yield	16.11	13.04	13.36	13.51

N.Y. S.E. ALL COMMON

Aug. 13	Aug 12	Aug. 11	Aug. 10	1982 High	1982 Low
59.64	58.90	58.25	59.13	71.20 (4/1)	58.80 (12/8)

Rises and Falls

	Aug 13	Aug 12	Aug 11
Issues Traded	1,825	1,811	1,813
Rises	938	635	571
Falls	466	743	786
Unchanged	422	433	456
New Highs	10	6	2
New Lows	108	135	174

MONTREAL

	Aug. 13	Aug 12	Aug. 11	Aug 10	1982 High	1982 Low
Industrials	254.15	253.26	253.58	253.17	352.79 (4.1)	249.96 (21/6)
Combined	242.78	241.35	242.12	241.79	316.08 (4.1)	257.27 (21/6)
TORONTO Composite	1428.5	1385.8	1392.5	1392.5	1956.3 (4.1)	1362.2 (7/7)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Cities Service	906,800	33¾	+1½	Chase Man.	548,100	34¾	+1½
Exxon	671,100	25⅞	+ ⅜	F. Chr. Fin.	435,500	12¾	+ ⅜
ATT	596,800	52⅞	+1⅜	Tandy	414,900	23⅞	+ ⅝
IBM	662,100	62⅝	+ ⅜	Citicorp	393,000	23⅝	+ ⅞
Schlumb	572,500	34⅝	+ ⅜	Texas UT	391,700	22	—

	Aug. 13	Aug. 12	Aug. 11	Aug. 10	1982 High	1982 Low
AUSTRALIA						
All Ord. (1/1/80)	459.8	464.2	467.1	467.2	595.5 (4/1)	440.2 (8/7)
Metal & Minls. (1/1/80)	345.0	047.0	349.6	348.7	425.1 (6/1)	288.0 (8/7)
AUSTRIA						
Credit Aktien (2/1/62)	49.87	49.55	48.70	48.67	58.95 (4/1)	46.69 (26/5)
BELGIUM						
Belgian SE (31/12/63)	95.70	93.88	93.88	93.86	100.40 (6/4)	89.42 (20/1)
DENMARK						
Copenhagen SE (1/1/73)	113.30	112.37	112.80	110.20	120.28 (25/2)	109.9 (12/7)
FRANCE						
CAC General (31/12/81)	94.5	00.9	04.9	94.6	111.6 (12/5)	93.0 (12/8)
Ind Tendance (31/12/81)	107.4	107.5	107.9	107.6	124.5 (12/5)	87.7 (4/1)
GERMANY						
FAZ-Aktien (31/12/58)	218.66	220.35	225.60	221.55	258.45 (8/4)	218.36 (18/1)
Commerzbank(Dec1953)	665.9	669.2	660.7	675.9	729.8 (5/4)	665.6 (13/8)
HOLLAND						
ANP-CBS General (1970)	84.7	84.0	84.9	04.8	80.0 (19/0)	84.0 (8/1)
ANP-CBS Indust (1970)	67.5	67.5	67.6	67.7	74.8 (18/6)	05.9 (4/1)
HONG KONG						
Hang Seng Bank (31/7/64)	594.34	800.06	1066.07	1074.14	1445.32 (12/1)	988.38 (12/8)
ITALY						
Banca Comm Ital.(1972)	100.48	169.14	180.38	100.42	212.66 (19/3)	147.23 (22/7)
JAPAN**						
Dow Average (16/5/49)	0927.69	5890.23	8885.21	8928.30	70526.00 (27/1)	5889.25 (12/8)
Tokyo New SE (4/1/68)	515.32	512.06	512.96	516.12	83.29 (27/1)	012.05 (12/8)
NORWAY						
Oslo SE (1/1/72)	115.99	118.10	118.00	116.25	150.39 (26/1)	109.12 (1/4)
SINGAPORE						
Straits Times (1966)	589.57	559.53	578.85	592.96	610.78 (6/1)	558.05 (12/8)
SOUTH AFRICA						
Gold (1958)	468.1	465.4	447.5	450.1	869.3 (5/1)	335.5 (8/7)
Industrial (1958)	578.8	577.7	575.4	574.2	711.7 (8/1)	507.0 (25/6)
SPAIN						
Madrid SE (30/12/81)	88.38	66.80	93.85	80.95	107.40 (8/2)	86.61 (15/7)
SWEDEN						
Jacobson & P. (1/1/58)	618.76	623.03	630.96	622.36	056.52 (22/1)	563.32 (28/4)
SWITZERLAND						
Swiss Bank Cpn.(31/12/58)	238.6	238.3	240.2	241.1	285.1 (11/1)	237.4 (7/7)
WORLD						
Capital Intl. (1/1/70)	—	118.4	118.7	110.5	147.2 (4/1)	118.4 (15/5)

(**) Saturday Aug. 7: Japan Dow 7039.14. TSE 522.09.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed u Unavailable.

Financial Rand U.S.$—(Discount of —%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

MONEY MARKETS

Cautious optimism returns

It is not usually pleasant to be proved wrong but anyone expecting a cut in clearing banks' base rates last week unhappily found themselves in that position. The Bank of England had been successful in maintaining the downward impetus in rates but was unable or unwilling to push further last week as it became more obvious that instead of weakening, U.S. interest rates were on the up. Consequently the market became a little dull as most people sat back and waited for some new development. This appeared on Friday when U.S. rates started to fall back after the U.S. Federal Reserve had increased market liquidity levels. Consequently Euro-dollar rates finished the week slightly down from the previous Friday.

The last time the Federal Reserve added reserves before Thursday was on Monday and this had the same downward influence on rates before finally being dismissed as a technical move. Thursday's similar action was treated a little differently with hopes that continuing evidence of an economic recession in the U.S. may encourage the authorities to reduce interest rates still further.

Hopes of a cut in UK interest rates were raised therefore towards the end of last week although the authorities will realise that one thing worse than leaving interest rates artificially high is to bring them down in haste only to see them rise again.

Interest rates finished the week a little higher in places compared with the previous week while the Bank of England left its dealing rates unchanged.

The dollar's strong performance had repercussions elsewhere. Hopes of a cut in the West German Lombard rate finally vanished on Thursday when the Bundesbank's central council left the Lombard rate at 9 per cent. There now seems little chance of a cut until the dollar depreciates although it has become increasingly difficult just recently to speculate exactly what is likely to happen both on a short and long term basis.

BANK OF ENGLAND TREASURY BILL TENDER

	Aug 13	Aug. 6		Aug 13	Aug. 6
Bills on offer	£100m	£100m	Top accepted rate of discount	10.7294%	10.7494%
Total of applications	£465.005m	£451.86m	Average rate of discount	10.7110%	10.7246%
Total allocated	£100m	£100m	Average yield	11.00%	11.02%
Minimum accepted bid	£97.32½	£97.32	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	12%	93%			

WEEKLY CHANGE IN WORLD INTEREST RATES

	Aug. 13	change		Aug. 13	change
LONDON			**NEW YORK**		
Base rates	11½	Unch'd	Prime rates	15	Unch'd
7 day interbank	11⅛-12	Unch'd	Federal funds	10½-10¾	-⅜
3 mth interbank	11⅛-11¼	+⅛	3 mth. Treasury Bills	9.30	-0.76
Treasury Bill Tender	10.7110	-0.0136	6 mth. Treasury Bills	10.25	-0.68
Band 1 Bills	11⅛	Unch'd	3 Mth. CD	11.20	-0.40
Band 2 Bills	11⅛	Unch'd	**FRANKFURT**		
Band 3 Bills	11⅛	Unch'd	Lombard	9.0	Unch'd
6 Mth. Treasury Bills	10⅞	Unch'd	One Mth. Interbank	9.30	+0.05
1 Mth. Bank Bills	11⅛	+⅛	Three month	9.425	-0.035
3 Mth. Bank Bills	10⅞-10¾		**PARIS**		
TOKYO			Intervention Rate	14¼	Unch'd
One month Bills	7.40625	+0.0625	1 Mth. Interbank	14½	Unch'd
Three month Bills	7.34375	+0.0625	Three month	14¾	Unch'd
BRUSSELS			**MILAN**		
One month	18⅞	-⅛	One month	19⅛	-⅛
Three month	14⅞	-⅞	Three month	19⅜	-⅛
AMSTERDAM			**DUBLIN**		
One month	8¾	-⅛	One month	17½	Unch'd
Three month	9	Unch'd	Three month	17⅞	Unch'd

London—Band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. * Band 4 11.

FT LONDON INTERBANK FIXING

3 months U.S. dollars	
bid 12 3/8	offer 12 1/2

6 months U.S. dollars	
bid 13 3/8	offer 13 1/2

The fixing rates (Aug 13) are the arithmetic means rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Aug. 13 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11⅛-9	11⅛-11¼	—	—	12-12⅛	11-11⅛	—	—	—
2 days notice	—	—	11⅛-11¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅛-12	11⅛-11¼	—	—	—	—	—	—	—
One month	11⅛-11¼	11⅛-11⅞	—	11⅛	11⅛-11¼	11⅞	11¼	—	11⅛	11⅝
Two months	11⅛-11¼	11⅛-11¼	—	—	11⅛-11¼	11⅞	10⅞-11	11-11⅛	10⅞-11	11⅝
Three months	11⅛-11⅛	11⅛-11¼	—	11⅛	11⅛-11⅛	11⅞	10½	10⅞	10⅞-10⅞	11⅝
Six months	11⅛-10⅞	11⅛-10⅞	—	11⅛	10⅞-11⅛	11½	—	—	—	11⅛
Nine months	11⅛-10⅞	11⅛-11⅛	—	—	11⅛-11	—	—	—	—	—
One year	11⅛-10⅞	11⅛-11⅛	—	11¼	11⅛-11	11⅛	—	—	—	—
Two years	—	—	—	11⅛	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV. Average Reference Rate for interest period 19 July to 3 August 1982 (inclusive): 12.143 per cent. Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 11⅞ per cent; four years 12⅛ per cent; five years 12⅜ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 10⅞-10⅞ per cent; four months trade bills 11⅝ per cent.

Approximate selling rate for one month Treasury bills 11⅛ per cent; two months 10⅞-11 per cent and three months 10⅞ per cent. Approximate selling rate for one month bank bills 11⅛ per cent; two months 10⅞-10⅞ per cent and three months 10⅞ per cent; one month trade bills 11⅝ per cent; two months 11⅝ per cent; three months 11⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from August 1, 1982. London and Scottish Clearing Bank Base Rates for lending 11½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9¼ per cent. Certificates of Tax Deposit (Series 5) 11½ per cent from August 5 (plus an interest rate supplement of ⅛ per cent for the first month). Deposits withdrawn for cash 9½ per cent.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11⅜-11⅝	10¼-11	16-17	7¼-7¾	1⅛-2	8⅞-9	14⅛-14½	17⅛-18½	13-14	13¼-13½	6⅝-6⅞	13-13½
7 day notice	11⅛-11⅜	11-11¼	15⅛-16⅛	8⅛-8⅜	1⅛-2	8⅞-9	14⅛-14⅜	19-20½	13-14½	13⅜-13½	7-7½	15½-16½
Month	11⅛-11⅜	11¼-11½	15⅞-16	8½-9	3-3⅛	8½-9	14⅛-14½	19⅝-20	13½-14½	14-14½	7⅛-7⅜	16½-17½
Three months	11⅛-11⅜	12⅛-12¼	15⅞-15⅞	8⅜-8⅝	4⅛-4¼	8½-8⅝	16⅛-16⅜	20⅛-21⅛	13⅛-14⅛	14-14½	7⅛-7⅜	16⅛-16½
Six months	11¼-11½	12⅞-13	16⅛-16⅜	8⅜-8⅝	4⅝-5⅛	8-9⅛	18⅛-18½	21¼-21¾	14-15	14-14¼	7½-7⅝	15⅞-16¼
One Year	11⅜-11½	13⅝-13⅞	16-16¼	9⅛-9⅜	5⅛-5¼	9-9⅛	18-18½	21-21⅛	14-15	14-14¼	7¼-7⅜	15½-16⅜

SDR linked deposits: one month 10⅝-11 per cent; three months 11⅞-11⅞ per cent; six months 12-12⅜ per cent; one year 12⅝-12⅞ per cent.
ECU linked deposits: one month 11½-11⅞ per cent; three months 12-12⅜ per cent; six months 12½-12⅞ per cent; one year 12⅞-13⅛ per cent.
Asian $ (close rates in Singapore): one month 11¼-11½ per cent; three months 12⅛-12½ per cent; six months 13⅛-13¼ per cent; one year 13⅝-13¾ per cent. Long-term Eurodollar; two years 14⅝-14⅞ per cent; three years 14¾-15 per cent; four years 14⅞-15⅛ per cent; five years 15-15¼ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 11.25-11.35 per cent; three months 11.75-11.85 per cent; six months 12.40-12.50 per cent; one year 12.95-13.05.

CURRENCIES

Dollar hesitates

The dollar touched record levels during the week as U.S. interest rates remained high but lost ground on Friday after the U.S. Federal Reserve Bank had added reserves to the money market on Thursday. This gave rise to renewed speculation that U.S. rates may ease further. However the market's reaction to statistics and moves by the authorities, that on other occasions would have been largely ignored, has been extremely sensitive, notably in the U.S. This resulted in sharp currency fluctuations.

Attitudes in European centres were a little more restrained. No-one was willing to go short on dollars while the very uncertainty of dollar trends made sizeable long positions equally precarious.

Sterling turned in quite a respectable performance, finishing the week with its index virtually unchanged from the week before and managing to recover ground against the dollar lost earlier in the week.

The Japanese yen continued to lose ground against the dollar. It fell to its worst level since September 1977 on Wednesday but showed signs of recovering towards the end of the week mainly on dollar weakness. The yen has been weaker against most currencies however, and of the major currencies has only managed an improvement against the French and Belgian francs (largely through their own weakness). In November 1979 the D-mark stood at Y143 and by the beginning of this year had fallen to around Y98. Since then however the gradual appreciation of the yen has been halted and the D-mark is now trading at about Y105.

But it would seem that with low inflation and a continuing trade surplus, the reduction in the yen's value is likely to be reversed if for no other reasons than a stronger yen will make imports cheaper (helping to allay foreign accusations of protectionism) and allow a fall in interest rates and a revived economy.

Gold spent a rather uninteresting and featureless week trading between a high of $339 and a low of $330 to finish at $338-339 from $346-347.

THE DOLLAR SPOT AND FORWARD

Aug 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7010-1.7750	1.7025-1.7035	par-0.10c dis	-0.36	0.38-0.48dis	-1.01
Ireland†	1.3710-1.3880	1.3710-1.3730	0.70-0.60c pm	5.68	1.80-1.60 pm	4.93
Canada	1.2505-1.2550	1.2520-1.2530	0.46-0.49c dis	-4.55	1.02-1.06dis	-3.32
Nethlnd.	2.7465-2.7670	2.7620-2.7670	0.64-0.54c pm	2.58	2.36-2.28 pm	3.36
Belgium	47.72-47.94	47.92-47.94	8½-10c dis	-2.31	15-18 dis	-1.37
Denmark	8.6725-8.6970	8.6750-8.6850	1.45-1.70ore dis	-2.18	2.50-3.00dis	-1.27
W. Ger.	2.4925-2.5775	2.5070-2.5080	0.55-0.50pf pm	2.51	2.23-2.18 pm	3.52
Portugal	85.95-86.50	85.95-88.25	60-780c dis	-15.32	120-410dis	-12.30
Spain	712.55-113.05	112.55-112.75	50-60c dis	-5.85	85-105 dis	-3.37
Italy	1,393-1,398	1,397-1,398	10-11lire dis	-8.99	28-30 dis	-5.23
Norway	6.7150-6.7300	6.7175-6.7275	2.40-2.80ore dis	-4.64	5.10-5.50dis	-3.15
France	6.9500-7.0000	6.9875-6.9925	1.85-2.05c dis	-3.36	7.10-7.60dis	-4.20
Sweden	6.1750-6.1875	6.1775-6.1875	1.85-2.05ore dis	-3.78	3.70-3.30dis	-2.07
Japan	260.25-262.25	261.95-262.05	0.98-0.88y pm	4.21	3.20-3.10 pm	4.81
Austria	17.57½-17.57	17.51½-17.52½	5½-4½gro pm	3.34	18½-15¼ pm	3.82
Switz.	2.1300-2.1500	2.1420-2.1430	1.48-1.40c pm	8.06	4.28-4.18 pm	7.88

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 50.60-50.70.

THE POUND SPOT AND FORWARD

Aug 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7010-1.7150	1.7025-1.7035	par-0.10c dis	-0.35	0.38-0.48dis	-1.01
Canada	2.7290-2.1490	2.7300-2.1310	0.82-0.92c dis	-4.90	2.25-2.35dis	-4.32
Nethlnd.	4.68½-4.72½	4.70-4.71	1½-½c pm	2.23	2⅞-2⅜pm	2.23
Belgium	81.40-82.00	81.60-81.70	13-23c dis	-2.64	42-52 dis	-2.30
Denmark	14.81-14.89	14.86-14.88	3½-4ore dis	-2.87	8¾-10⅞dis	-2.54
Ireland	1.2380-1.2460	1.2420-1.2440	0.81-0.74p dis	-8.52	1.87-2.00dis	-6.17
W. Ger.	4.25½-4.28½	4.26½-4.27½	1-½pf pm	2.11	3-2½ pm	2.58
Portugal	146.25-148.00	146.50-147.00	705-280c dis	-15.74	245-745dis	-13.49
Spain	192.50-193.50	192.80-193.00	80-105c dis	-5.75	315-360 dis	-7.00
Italy	2,373-2,390	2,374-2,378	17½-19½lire dis	-9.35	55-58 dis	-9.51
Norway	11.43-11.53	11.44-11.48	4½-5½ore dis	-5.04	11½-13 dis	-4.32
France	11.87-11.96	11.89½-11.90½	3-4c dis	-3.53	15-18 dis	-5.21
Sweden	10.51-10.58	10.52-10.54	3½-3⅞ore dis	-3.92	7½-8½ dis	-3.09
Japan	445-450	445-447	1.60-1.40y pm	4.03	4.40-4.20 pm	3.85
Austria	29.85-30.10	29.90-29.95	9-6½gro pm	2.91	23-19½ pm	2.64
Switz.	3.64-3.68	3.64½-3.65½	2½-2⅛c pm	7.87	8⅞-6½ pm	7.26

Belgian rate is for convertible francs. Financial franc 86.20-86.30. Six-month forward dollar 1.58-1.68c dis. 12-month 3.65-3.80c dis.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.7030	1.7035	1.7073	1.7153	1.7403
D-Mark	4.27	4.2625	4.2425	4.2233	4.1829
French Franc	11.90	11.9035	12.055	12.3079	12.8052
Swiss Franc	3.65	3.6262	3.5838	3.5439	3.4376
Japanese Yen	446.5	445.0	442.2	438.4	430.1

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.7763	+0.46	+0.29	±1.5501
Danish Krone	8.23400	8.21301	-0.25	-0.42	±1.6430
German D-Mark	2.33379	2.36089	+1.16	+0.98	±1.0888
French Franc	6.61387	6.57750	-0.55	-0.72	±1.3940
Dutch Guilder	2.57971	2.60142	+0.84	+0.67	±1.5004
Irish Punt	0.691011	0.686106	-0.71	-0.88	±1.6691
Italian Lira	1350.27	1318.19	-2.38	-2.38	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Aug. 13	Bank of England Index	Morgan Guaranty Changes %
Sterling	90.8	-32.4
U.S. dollar	122.4	+12.8
Canadian dollar	88.3	-18.5
Austrian schilling	117.8	+27.1
Belgian franc	94.7	-1.4
Danish kroner	81.7	-14.8
Deutsche mark	124.4	+49.0
Swiss franc	144.2	+95.2
Guilder	116.1	+23.5
French franc	73.4	-20.3
Lira	53.8	-58.4
Yen	130.0	+24.2

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average)

CURRENCY RATES

August 13	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.632412	0.552373
U.S. $	11	1.08195	0.945111
Canadian $	15.25	*	1.18291
Austria Sch.	8¾	19.0018	16.5867
Belgian F	13½	51.3865	45.1733
Danish Kr.	11	9.39927	8.21301
D mark	7½	2.70320	2.36089
Guilder	8	2.97853	2.60142
French F.	9½	7.53131	6.57750
Lira	19	1509.29	1318.19
Yen	5½	283.882	247.355
Norwgn. Kr.	9	7.28139	6.35598
Spanish Pts.	8	122.015	106.561
Swedish Kr.	10	6.69174	5.84173
Swiss Fr.	6½	2.31698	2.02151
Greek Dr'ch	20½	76.3788	66.7552

* C$/SDR rate for August 12: 1.35850.

GOLD MARKETS

	Aug. 13		Aug 12	
Gold Bullion (fine ounce)				
Close	$338-338	(£198¼-198¾)	$335-336	(£197¼-197¾)
Opening	$337½-338½	(£198-198½)	$333½-333½	(£195¾-196¼)
Morning fixing	$337.75	(£197.284)	$333.25	(£196.341)
Afternoon fixing	$338	(£197.488)	$334.75	(£197.179)

Gold Coins Aug. 13					
Krugrnd	$348-348¾	(£204¼-204¾)	King Sov	$85½-87	(£50-50½)
½ Krug	$179-180	(£105-105½)	Victoria Sov	$85½-87	(£50-50½)
¼ Krug	$91-92	(£53½-54)	French 20s	$73½-76¼	(£43¼-44½)
1/10 Krug	$37-38	(£21¾-22¼)	50 pesos Mex.	$412-416¼	(£241½-244¼)
Mapleleaf	$348-349	(£204¼-204¾)	100 Cor. Aust	$328¾-332	(£192¾-194¾)
New Sov	$80½-81	(£47¼-47½)	$20 Eagles	$386-391	(£226½-229½)

OTHER CURRENCIES

Aug 13	£	$		£ Note Rates
Argentina Peso	38,415†	83,050†	Austria	29.90-30.20
Australia Dollar	1.7470-1.7490	1.0250-1.0255	Belgium	83.60-86.60
Brazil Cruzeiro	323.42-324.42	188.96-188.90	Denmark	14.76-14.90
Finland Markka	8.17-8.20	4.7795-4.7815	France	11.86-11.98
Greek Drachma	118.376-122.0	70.30-70.00	Germany	4.25½-4.28½
Hong Kong Dollar	10.38¼-10.39¼	6.10-6.11	Italy	2350-2390
Iran Rial	144.95*	85.05*	Japan	447-432
Kuwait Dinar (KD)	0.495-0.496	0.29055-0.29065	Netherlands	4.68¼-4.73¼
Luxembourg Fr.	81.60-81.70	47.82-47.94	Norway	11.42-11.52
Malaysia Dollar	4.02-4.03	2.3630-2.3650	Portugal	144-159
New Zealand Dlr.	2.3410-2.3460	1.3735-1.3755	Spain	186¼-196
Saudi Arab. Riyal	5.8625-5.8685	3.4395-3.4403	Sweden	10.51-10.61
Singapore Dollar	3.70-3.71	2.1740-2.1770	Switzerland	3.64-3.68
Sth. African Rand	1.8680-1.9696	1.1665-1.1565	United States	1.70½-1.72½
U.A.E. Dirham	6.2570-6.2663	3.6710-3.6730	Yugoslavia	93½-105

** The rate for August 12 should have read: 1.7420-1.7440. † Rate shown for Argentina is commercial. Financial rate 66.627-66.667 against sterling 38.950-39.000 against dollar. * Selling rate.

EXCHANGE CROSS RATES

Aug. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.703	4.270	446.5	11.90	3.650	4.705	2375.	2.131	81.68
U.S. Dollar	0.578	1.	2.507	262.2	6.988	2.143	2.763	1395.	1.251	47.94
Deutschemark	0.234	0.399	1.	104.8	2.787	0.855	1.102	556.3	0.499	19.12
Japanese Yen 1,000	2.240	3.814	9.563	1000.	26.65	8.175	10.54	5319.	4.772	182.9
French Franc 10	0.840	1.431	3.588	375.2	10.	3.067	3.954	1996.	1.790	68.61
Swiss Franc	0.274	0.467	1.170	122.3	3.260	1.	1.289	650.7	0.584	22.37
Dutch Guilder	0.216	0.362	0.908	94.90	2.529	0.776	1.	504.8	0.453	17.35
Italian Lira 1,000	0.421	0.717	1.798	188.0	5.011	1.537	1.981	1000.	0.897	34.38
Canadian Dollar	0.469	0.799	2.004	209.6	5.586	1.716	2.208	1115.	1.	38.32
Belgian Franc 100	1.226	2.086	5.230	546.8	14.57	4.470	5.763	2909.	2.609	100.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[I]NSURANCES

[A]bbey Life Assurance Co. Ltd. (z)
3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

[Pr]operty Fund	229.1	[illegible]	.....	—
[Eq]uity Fund	49.5	[illegible]	−0.3	—
[Pr]operty Acc.	258.4	[illegible]	.....	—
[Eq]uity Acc.	49.1	[illegible]	−0.3	—
[S]elective Fund	142.4	[illegible]	−0.4	—
[M]oney Fund	160.7	[illegible]	.....	—
[C]onvertible Fund	180.3	[illegible]	.....	—
[Pr]op. Fd. Ser. 4	211.4	[illegible]	.....	—
[E]quity Ser. 4	55.2	[illegible]	−0.3	—
[Ma]n. Ser. 4	202.4	[illegible]	+0.1	—
[M]oney Ser. 4	152.9	[illegible]	.....	—
[C]onv. Ser. 4	153.1	[illegible]	.....	—
[F]ixed Int. Fd. Ser. 4	125.4	132.1	+1.2	—
[A]merican Ser. 4	106.3	[illegible]	−0.6	—

Crown Life—Continued

St. George Mangd. Fd.	110.9	[illegible]	.....	—
Lines & Gen.Fd.	116.8	[illegible]	.....	—
Sage Fd.	96.1	[illegible]	.....	—
Heritage Fd.	101.3	[illegible]	.....	—
DBS Managed	106.4	[illegible]	.....	—
Crown. Brit. Inv. A		217.5	.....	—
Pens. Mixed Fd.	149.7	[illegible]	+0.1	—
Pens. Mang'd. Acc.	111.6	117.4	+0.6	—
Pens. Mang'd. Init.	107.1	[illegible]	+0.5	—
Pens. Equity Acc.	98.8	[illegible]	−0.2	—
Pens. Equity Init.	94.6	[illegible]	−0.2	—
Pens. Fxd. Int. Acc.	113.1	[illegible]	+1.6	—
Pens. Fxd. Int. Intl.	108.6	[illegible]	+1.7	—
Pens. Money Acc.	110.7	[illegible]	+0.2	—
Pens. Money Init.	106.0	[illegible]	+0.1	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop Aug 3	103.7	114.1	.....	—

INSURANCE & OVERSEAS MANAGED FUNDS

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent.
LACOP Units

Lloyds Life Assurance
20, Clifton St., EC2A 4HX

OFFSHORE AND OVERSEAS

Providence Capital International Ltd.
PO Box 121, St Peter Port, Guernsey 0481 26726/9

UK Stockmarket	£0.917	0.986	.....	—
Intl. Stockmarket	$0.805	0.865	.....	—
World Technology	$0.836	0.899	.....	—
N. Am. Stockmarket	$0.851	0.915	.....	—
Far East	$0.797	0.857	.....	—
UK Fixed Interest	£1.007	1.083	.....	—
Intl. Fixed Int.	$0.938	1.009	.....	—
Intl. Currency	$0.916	0.985	.....	—
Intl. Money Market	$0.964	1.036	.....	—
U.K. Money Market	£0.949	1.021	.....	—
Stlg. Mangd. Fd	£0.946	1.017	.....	—
Dollar Mangd. Fd.	$0.857	0.921	.....	—

Savings Target Rate $12.0/£11.
Prices on Aug 11. Next dealing Aug 18.

Wren Intl. Fnd.*	$0.778	0.818	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ● Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22Mar	22S	Exch. 9¾pc 1982	99	[illegible]	9.28	11.45
5Jul	5Ja	Exch. 8 pc 1983	99⅛	14	0.78	9.57
21Aug	21F	Exch. 3pc 1983	97xd	15.7	3.10	9.04
175	17Mar	Treasury 12pc 1983‡‡	101xd	[illegible]	11.88	10.37
18Ja	18Jul	Treasury 9½pc '83	99	11.4	9.34	10.37
22May	22N	Exch. 13¼pc '83	103	[illegible]	13.11	10.79
12Jun	12D	Exch. 10pc 1983	99⅜	[illegible]	10.06	10.51
15Jul	15Ja	Funding 5½pc '82-84‡‡	97	0	5.67	7.76
20Aug	20F	Exch. 11¼pc 1984	101⅜xd	14.7	11.10	10.21
22N	22May	Exchequer 14pc. 1984	104¼	15.4	13.37	10.91
19D	19Jun	Exch. 3pc 1984	92	[illegible]	3.26	7.75
26Mar	26S	Treasury 12pc 1984	101¼	17.2	11.79	10.99
22Aug	22F	Treasury 15pc 1985	107xd	16.7	13.92	11.36
22S	22Mar	Exch. 12pc Cnv. '85	102⅛	15.4	11.75	11.01
21N	21My	Treasury 3pc 1985	87	14.4	3.45	8.36
15Jan	15Jul	Treasury 11½pc 1985	100⅞	8.6	11.40	11.12
22May	22N	Exch. 12¼pc 1985	101⅞	15.4	12.02	11.49
25 Aug.	25F	Exch. 13 ½pc '86	100⅞xd	19.7	11.65	11.43
19N	19May	Treasury 3pc 1986	84¼	11.4	3.54	7.75
12D	12Jun	Treasury 12pc '86	101⅛	6.5	11.87	11.60
10Ja	10Jul	Treasury 8½pc '84-86‡‡	95	3.6	8.95	10.30
14Ja	14Ja	Treas. 12¼pc '86 Cnv.	102⅛	—	12.00	11.56
29Apr	29Oct	Exch. 14pc 1986	107⅛	—	13.07	11.77
22Jul	22Jan	Exch. 13¼pc 1987	105	15.6	12.62	11.74
1N	1May	Funding 6½pc '85-87‡‡	89	25.3	7.30	9.44
14Ja.	14Jul	Treasury 3pc 1987	82	—	3.66	7.58

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
3 May.	3N	Treas. 12pc 1987	103⅛	29.3	12.04	12.05
3 May		Treas 12pc 1987 'A'	100½	—	12.03	12.06
26Jul	26Ja	Treasury 7¾pc '85-88‡‡	91¼	21.6	8.53	9.96
1Ja	1Jul	Transport 3pc '78-88	76⅝	25.5	3.95	8.23
22Aug.	22F	Treasury 11½pc 1989	94xd	16.7	12.10	12.63
15Ap	15Oct	Treasury 5pc '86-89	76¼	9.3	6.66	9.94
15Jul.	15Ja.	Treasury 13pc 1990‡‡	102¼	8.6	12.79	12.64
22Sept	22Mar	Exch. 12½pc 1990	103½	15.2	12.69	12.81
15D	15Jun	Treasury 8¼pc '87-90‡‡	86⅛	10.5	9.74	11.23
10Jul	10Ja	Treasury 11¾pc 1991	95¼	3.6	12.43	12.80
5Oct.	5Ap.	Funding 5¾pc '87-91‡‡	73½	1.3	8.05	10.94
25Ap.	25Oct.	Exch. 11pc 1991	94	19.3	12.14	12.75
22Jul.	22Ja.	Treasury 12¾pc '92‡‡	101⅛	15.6	12.72	12.69
21Aug.	21Fb.	Treasury 10pc 1992	86xd	15.7	11.53	12.38

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

		Stock	Price	Last xd	Yield Int.	Yield Red.
150	15J	Do. 7½pc '83-86	88½xd	17.5	8.59	11.65
1A	10	S. Rhod. 2½pc Non-Ass.	157	—	—	—
—		Do. 3½pc 80-85 Assd.	68xd	10.4	5.15	17.20
—		Do. 4½pc 87-92 Assd.	42xd	7.7	10.98	17.40
150	15A	Zimbabwe Ann (£100pa)	372	15.3	—	20.40

LOANS

Public Board and Ind.

		Stock	Price	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	69¼	1.6	7.28	11.73
1M	1S	Met. Wtr. 3pc 'B'	31½xd	2.4	9.46	12.02

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan.	July	ANZ $A1	198	5.7	Q28c	3.3	8.0	3.8
Feb.	Aug.	Alexanders D. £1	240xd	2.8	18.5	—	10.7	—
May	Aug.	Algemene Fl.100	£57	30.4	vQ26%	1.8	9.5	5.8
Dec.	June	Allied Irish	90	7.6	Q45.3%	4.0	10.3	3.1
	July	Arbuthnot (H.) 5p.	11½	5.7	0.35	—	4.3	—
July	Jan	Bk. Ireland £1	250	17.5	Q29.4%	—	9.6	—
May	Nov.	Bk. Leumi S0.1	2xd	2.8	hQ8%	—	0.9	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◊ Figures or report awaited.
- ÷ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♣ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. R Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 18

FINANCIAL TIMES

Monday August 16 1982

Prior hint on industry aid pressure

BY PETER RIDDELL, POLITICAL EDITOR

A STRONG indication of the likely pressures within the Cabinet this autumn for Government action to help industry was given yesterday by Mr James Prior, the Northern Ireland Secretary.

In one of his now rare public comments on the economy, Mr Prior said he thought there were some things the Government ought to contemplate and he warned that the world could topple into a deep depression.

Interviewed on the ITV programme Face the Press, Mr Prior said: "I believe industry is in a mood where it needs a bit more confidence. I would like to see this helped in some way, but not by general reflation which I do not think would do any good." He did not, however, give any details of possible measures.

Mr Prior's worries about the state of the economy are shared by Cabinet colleagues like Mr George Younger, the Scottish Secretary, and Mr Nicholas Edwards, the Welsh Secretary, and are in contrast to the more optimistic tone of Treasury ministers and Mrs Thatcher's close supporters.

Asked in the interview whether he was nearer to the CBI's gloom than to the Conservative Party, Mr Prior replied in a R. A. Butler-like delphic tone that "I am not nearer to the CBI or the Conservative Party on this. I am a member of the Cabinet."

If the economy does not pick up, there is likely to be growing pressure for action, not only from the so-called "wets" in the Cabinet and on the backbenches but also from MPs of all views, from industrial areas. Several speeches are planned and there has been some discussion of co-ordinating previously disparate efforts.

Treasury ministers have tried to dampen talk of any autumn package, stressing instead the help to industry from the recent cut in interest rates. A reassessment is possible after the holidays ahead of the usual November economic statement.

There is already speculation in Whitehall that, in addition to the announcement of public spending decisions, this statement could include some indication of future help to industry and via tax changes, taking effect next spring.

The sceptics, such as Mr Prior, have been careful to reject general reflation and instead are concentrating on urging selective help via assistance for the unemployed, some additional public investment and a cut in industry's costs.

Mr Prior described current unemployment as "intolerable" and did not believe that any government or country could long sustain these levels. After welcoming the youth training scheme, he said that Government had "to look at the age at which people start work and the age they finish work."

Mr Prior underlined his own isolation from the main Thatcherite core of the Cabinet when he said that "so far, to my astonishment, Mrs Thatcher has decided I am more use to her (in the Government) than I would be if I was outside."

Irish Voting Rights, Page 6

RCN vote could break deadlock in health row

By Brian Groom, Labour Staff

TUC UNIONS in the Health Service are privately looking to the Royal College of Nursing to break the deadlock in the three-month dispute over their 12 per cent pay claim.

They argue that their five days of intensified industrial action last week was a success, and that rejection of the Government's 7.5 per cent offer by the non-TUC RCN could be the decisive factor in forcing Ministers to compromise.

A ballot of the RCN's 180,000 health service members will be completed at the end of this week. Officials believe it is likely to result in rejection of the offer.

The Government is already isolated, TUC leaders say, and has suffered heavy publicity defeats—including the stinging attack last week by the influential medical journal, The Lancet.

They believe rejection by the RCN would remove the Government's only hope of splitting the unions, and would force it to consider raising its 6 to 7.5 per cent offer to 1m NHS workers.

They may be underestimating the determination of Mr Norman Fowler, Social Services Secretary, to stand by the offers, and of the Prime Minister and Chancellor to back him up. Ministers have warned that rejection by nurses would not produce more money.

The TUC unions, for their part, insist that their campaign would continue indefinitely even if the RCN voted to accept the offer.

The next two weeks may bring a hiatus in the publicity war, as unions continue their "rolling programme" of selective local strikes.

The TUC health services committee will decide on new ways to step up the dispute at its next meeting on August 26.

The contentious issue of sympathy action by non-NHS workers, in contravention of the Employment Act 1980, may also go temporarily on the hold, although TUC leaders will continue to call for such action.

The Fleet Street branch of the electricians' union is expected tomorrow to decide to pay the £350 fine on Mr Sean Geraghty, branch secretary, for last week's one-day strike, along with costs estimated at £10,000.

Mr Frank Chapple, the union's general secretary, disclosed that the union's lawyers last week prepared plans to prevent Mr Geraghty "martyring" himself by being sent to jail.

If Mr Justice Leonard had insisted on an undertaking from Mr Geraghty that his members would not take sympathy action again, and Mr Geraghty refused, union leaders would have tried to override him and give the undertaking themselves.

THE LEX COLUMN

Many mansions at Mercantile

Mercantile House has had *dreadful luck* with the news from Wall Street since it announced its ambitious bid for Oppenheimer Holdings, the U.S. stockbroker and *fund manager*. The fate of Drysdale and Lombard Wall makes many London investors shy of a New York market-maker; the latest blow has come in the form of rumours that Oppenheimer's risk arbitrage department lost a packet of money on its exposure to Cities Service stock when the Gulf Oil bid fell through. In fact, it seems unlikely that any net loss will amount to more than $½m, and the intervention of Occidental Petroleum in the Cities Service affair could even take Oppenheimer back into profit on the transaction.

In the first five months of Oppenheimer's present year attributable profits are down by 35 per cent, with a solid performance by the fund management business (which is crucial to the deal) offsetting a sharp drop in earnings on the inevitably volatile broking side. But Oppenheimer's record is impressive, even if there is room for argument about the price Mercantile is paying and about its claims that the deal means lots of new business for both parties. The enlarged Mercantile House will be a very well-spread financial company, with the bulk of its earnings originating in the U.S. and no single activity contributing more than *a third*. That is not to suggest that there is no more growth in money broking.

Investors who dislike—the Wall Street exposure or who bought Mercantile for its money broking side alone are not going to be interested in this week's £22½m offer for sale. Fears that Oppenheimer might prove difficult to control have been largely allayed by its partners' recent visit to London but even for these who want to back the managements good record, the new issue does not look exciting. Mercantile is again greatly increasing its issued share capital—even if the very large Electra/Globe holdings are assumed to be in firm hands for the next couple of years. And the market will need time to adjust to the new animal, which means the *glamorous money broking premium* will be wiped off the shares.

That is recognised in the offer for sale price of 375p—which compares with the 400p at which Globe subscribed 5m shares and the suspension price of 420p, and puts the company on something near an average market rating, a nine times multiple and a 5.3 per cent yield. Fund managers underweight in this sort of financial group will find the offer for sale a useful way in, but there is a reasonable expectation of picking up the stock slightly cheaper in the next few months.

Pharmaceuticals

After three years in the doldrums, the pharmaceuticals companies have been the star performers in the stock market over the last 18 months or so. In spite of a recent setback—prompted by some fairly wild criticism of Glaxo's new drug Zantac—the sector has outperformed the All-Share by 40 per cent in the last 12 months. The turnround, whose timing parallels with fair exactitude the renaming of the sector under the title of Health and Household Products, is largely due to the performance of Glaxo and Beecham, which make up about 80 per cent of the weighting.

But past profits are only part of the *story*. The whole industry seems to have entered a new growth phase. Most U.S. majors have been moving ahead as well, in spite of the strength of the dollar. More drugs are now emerging out of the laboratories than in the late 1970s, and more importantly, the drugs companies *seem* to have many more promising substances under development.

The level of R and D spending runs above 8 per cent of pharmaceutical turnover—£45m for Glaxo and £30m for Beecham—and its productivity has increased sharply. There is a growing belief that 1980s research will prove as fruitful as *the heady 1950s*, and such a prospect has encouraged Beecham, for instance, to push up spending by 25 per cent—well above the rate of inflation.

An improved understanding of living organisms, allied to computerisation, means that research can be targeted far more effectively. Over the past three or four years this approach has already helped to open up entirely new areas for medication, such as heart disease and ulcers.

The balance of research advantage also seems to be swinging to the big guns, companies capable of sustaining programmes that span several areas to obtain the benefits of cross-fertilisation. In tandem with *marketing scale*, this also suggests that they are likely to inherit the fruits of research into bio-technology; many of the small independent research outfits established in the last few years have already withered or been taken over.

Even the regulatory environment is looking more promising. In particular, the length of time taken in the U.S. to approve a drug seems to have peaked in 1980, while a bill to lengthen patent life is now going through Congress.

The share prices of the UK majors are now standing at a risk-defying 20 times full taxed historic earnings, and possibly 16 times prospective. The gap between these ratings and those of the U.S. majors has widened considerably; a typical p/e in the U.S. is about 10. U.S. ratings have been depressed both by the strength of the dollar and the threat of a bill to limit the tax advantages in the important manufacturing base of Puerto Rico. But that looks unlikely, and profits might move up sharply on any weakness in the dollar. Investors who have done so well out of the UK sector *might* consider casting their eyes across the Atlantic.

State industry boards' pay system revised

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT has decided to allow Whitehall departments a degree of flexibility on salary increases for chairman and other board members of nationalised industries in the coming months.

It is also considering a new system which might relate salaries to the performance of industries and board members.

Last year the Treasury set a 7 per cent limit for all the industries' boardrooms. Few exceptions were allowed, the biggest being a 25 per cent increase from £48,000 to £60,000 a year for Sir Peter Parker, chairman of British Rail.

This year there is to be no single figure limit. Sir Geoffrey Howe, Chancellor of the Exchequer, told the chairman at a recent meeting that each Whitehall department would have to steer a "cautious course" between meeting the needs of its industries and avoiding embarrassing precedents for other parts of the public sector.

Rises of about 5 to 12 per cent are likely to emerge for most industries, although the precise range will not be clear until the Treasury starts to approve rises submitted by the departments. The rises apply to the year 1982-1983, starting last April.

Ministers met to consider how flexible they could be just before Sir Geoffrey saw the chairmen. They studied claims tabled by the industries calling mostly for increases of between about 10 and 15 per cent, though some were as high as 30 per cent.

However, they shied away from approving full flexibility. While recognising the case for substantial rises, they were worried about giving too much autonomy to individual government departments, which are heavily influenced by committees of non-executive board members set up in each industry to advise on salaries.

Salaries of chairmen of the major "industries" range from about £50,000 to £60,000 a year, headed by Mr Phillip Shelbourne at the British National Oil Corporation £62,600. (Sir Michael Edwardes at BL has his salary of about £100,000 fixed separately). Other board members are paid between £28,000 and £35,000.

MAJOR CHAIRMEN'S SALARIES	1981-82 salary
Chairman and industry	
Mr Phillip Shelbourne, BNOC	£62,600
Sir Peter Parker, British Rail	£60,000
Sir George Jefferson, British Telecom	£57,650
Mr Ron Dearing, Post Office	£53,650
Sir Denis Rooke, British Gas	
Mr Norman Siddall, National Coal Board	£51,360
Mr Austin Bunch, Electricity Council	
Mr Ian MacGregor, British Steel	£48,500*
Mr Norman Payne, British Airports Authority	£36,750

* Mr Ian MacGregor has waived two annual increases that would have brought his basic salary (apart from any future bonuses) to £56,700.

Such salaries are well below —some as much as 50 per cent —those for comparable jobs in the private sector. Often, as this year, they have received smaller rises than other top public servants in the judiciary, Civil Service and armed forces, who in May were awarded increases averaging 14.3 per cent, with a maximum of 18.6 per cent.

The comparatively low salary levels mean the Government has problems finding recruits for the industries' boardrooms. Senior executives in some industries, such as the National Coal Board, are paid more than their board members because their salaries are not subject to the same government controls.

Last year's limit particularly annoyed the industries because it negated a ruling issued by the Prime Minister in April. She removed the industries from the orbit of the Top Salaries Review Body, which still covers the other senior public servants, and said the salaries should be fixed according to market considerations.

The Nationalised Industries Chairmen's Group has been asked for its views on a system related to performance which could apply to the achievements of either complete boardrooms or to individuals, or a mixture of both.

The chairmen are divided on the issue and have not yet produced a common line. One known to favour the idea is Mr Ian MacGregor of British Steel whose income is related to performance. He will share in bonuses of up to £2m which will be paid to Lazard Freres, the U.S. bank which released him to go to British Steel.

Mr MacGregor believes board members should be on salaries of about £100,000 basic, plus performance-related bonuses.

But neither ministers nor the industries have yet thought of ways of measuring performance, although a new system, started in the past few months, of setting overall objectives for the industries could make this easier.

Second Falklands runway plan

By Peter Riddell, Political Editor

A SURVEY has started on the Falkland Islands of sites for an 11,000-foot runway separate from the present airfield at Port Stanley.

The proposed strip would be able to take all types of modern aircraft. Its construction would be a major step in making the islands more independent of the South American mainland.

The Ministry of Defence is still considering the facilities it may need in the islands and the Cabinet has made no long-term decisions about the airfield.

Specialist personnel have been authorised to examine, among other options, the possibility of an airfield away from Port Stanley. They have already been sent out to examine sites.

The Government has just received an initial report from Lord Shackleton on the future of the islands.

It is likely to make a decision on the airfield in the late summer in the light of his suggestions and the current survey.

The new airfield project is separate from the extension of the existing Port Stanley runway from 4,000 to 6,000 feet which has already been approved and is under way.

Port Stanley's airstrip is seen as having a number of disadvantages in the long term, partly because of the damage inflicted during the fighting.

Some officials believe it would be inadequate for the aircraft needed to supply the islands if close commercial links with Argentina are not restored.

AEG awaits decision on credits

BY KEVIN DONE AND STEWART FLEMING IN FRANKFURT

WEST GERMAN banks must decide this week whether to provide DM 1.1bn (£257m) in new credits for AEG-Telefunken, the financially-stricken electrical group. Their support is crucial to the company's attempts to stave off the plunge into bankruptcy.

The AEG parent company last week was forced to seek court protection against its creditors in a desperate move to reduce its debt burden.

Fresh bank aid is needed urgently if the group is to regain the confidence of its suppliers and carry on business. It has also to meet the monthly wage bill in the next couple of weeks.

Foreign banks have said they will tell AEG by Wednesday whether they are willing to keep open credit lines to the group's foreign subsidiaries. These are not directly affected by the parent company's application for *Vergleich* (composition) proceedings.

A government official said after a meeting of officials from the federal Economics Ministry and from several provincial states last Friday that Bonn still did not have sufficient information about AEG's restructuring plans to be able to grant it loan guarantees worth about DM 1.5bn requested by the company several weeks ago.

These funds are needed in addition to the DM1.1bn from the banks if AEG is to push through a programme of costly closures and cuts, particularly in its heavily loss-making household appliances and consumer electronics sectors.

Some of AEG's West German suppliers are now insisting on cash payment as a pre-condition for deliveries. The company was forced to issue a statement on Friday that all liabilities arising from business contracted since August 10—the day the parent company sought court protection —would be paid in full.

Herr Klaus Kuhn, a former Thyssen executive, has been appointed a financial consultant to AEG, which has been without a finance director for the last two months.

AEG South African still sees growth, Page 20

Power gap on shop floor

Continued from Page 1

a deadline for the new work practices and redundancies—but offer to consult.

Shop stewards privately may welcome such firm management: they don't have to be the bearers of bad news when they are left with no alternative but to negotiate away jobs and long-established work methods.

For shop stewards, however, the most demoralising aspect of the new regime is the willingness of members to sell their jobs—even at a time of record unemployment.

"Mention voluntary redundancies and you run the risk of being crushed in the rush for the door," says one official.

While unions' problems may offer some immediate relief to management, there is a desire not to bypass the shop stewards but to develop new channels of communication with them.

According to the engineering employers, direct approaches to the shop floor spelling out the details of immediate commercial problems have become increasingly important. "The major change is that our shop stewards now concentrate on the particular problems of their own plant, how its survival can be achieved, not the national issues that once exercised their energies," says the personnel director of one of the Midland's biggest motor components suppliers.

The new emphasis on survival has strengthened the role of the line manager against the industrial relations specialist. Mr Walliker of the CBI says the personnel structure has been hit hard. "A lot of jobs once considered very important—such as organising courses and seminars to improve the quality of staff—are now regarded as peripheral. Training allocated to specialists can now be done by line managers. They are the people who take the responsibility for production; they can also manage the labour."

In striking contrast with the decline of union membership in the private sector, Nupe and Nalgo have recorded rapid growth in the West Midlands. Mr Barry Shuttleworth, Midland regional official of Nupe, makes no secret that the climb in membership of nearly 10,000 to more than 72,000 in three years was achieved through recruiting non-unionised labour in the public sector.

Mexican banks begin to buy dollars again

BY RONALD BUCHANAN IN MEXICO CITY

MEXICAN BANKS began to purchase dollars again at the weekend but there was still no indication of a return to normal foreign currency trading.

Customers were unable to buy foreign currency nor was there any dealing in precious metals. Dollar accounts remained frozen.

Businessmen say they are having to freeze imports until they know whether they fall within the "essential" category for which the preferential rate is to be available. A list of "essential imports" is due to be published this week.

Predictably the exchange controls imposed on Friday have led to a thriving black market. There are now in effect three rates of exchange for the peso.

The state sector and, for some purposes private companies, have access to a preferential rate of 49.50 pesos to the dollar. The banks are buying dollars at 69.50, and black marketeers are selling them at anything up to 150 pesos.

Most Mexicans travelling abroad now have no option but to resort to the black market.

For the moment such activities remain perfectly legal, because the Government has yet to publish rules for the operation of exchange control.

Businessmen and travellers are waiting to find out how, and in what quantities, dollars are to be made available.

The failure to establish ground rules for the operation of the new system is being seen here as a measure of the haste with which the Government was forced to act in the rapidly worsening crisis.

The exchange controls were preceded on August 5 by the establishment of a two-tier system whose operation has yet to be fully clarified.

Reflecting the confusion, industrialists' leader Sr Ignacio Barragan has called on the Government "to speak clearly" about the economic problems which led to the new measures.

As a result of the restrictions on foreign currency trading, be added, there was a real danger of the paralysis of industry.

International credits, Page 19

Weather

UK TODAY

Central and Southern England, E Anglia, W Midlands

Sunny intervals. Rain later. Wind fresh. Max. 21C (70F).

SW England, S Wales

Drizzle near coasts; rain later. Max. 19C (66F).

Rest of England, Borders, SW Scotland

Rainy start; strong winds. Max. 18C (64F).

Rest of Scotland, N Ireland

Showers. Gales in exposed places. Max. 15C (59F).

Outlook: Windy. Becoming cooler.

WORLDWIDE

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	S	28	82	London	F	21	70
Algiers	F	31	88	L. Ang.†	C	17	63
Amsdm.	R	19	66	Luxmbg.	F	21	70
Athens	S	33	91	Luxor	S	38	100
Bahrain				Madrid	S	30	86
Barcina.	S	29	84	Majorca	S	33	91
Beirut				Malaga	S	29	84
Belfast	C	15	59	Malta	S	28	82
Belgrd.	C	29	84	M'chstr	F	18	64
Berlin	C	21	70	Melbne.	S	14	57
Biarritz	C	21	70	Mx. C.†			
Bmghm.	C	18	64	Miami†	C	26	79
Blackpl.	C	16	61	Milan	C	28	82
Bordx.	C	22	72	Montrl.†	S	18	64
Boulgn.	C	18	64	Moscow	S	25	77
Bristol	F	19	66	Munich	S	27	81
Brussels	C	19	66	Nairobi	C	20	68
Budpst.	S	34	93	Naples	S	29	84
Cairo	S	34	93	Nwcsl.	C	18	64
Cardiff	C	22	72	N York†	C		
Cas'blca	F	22	72	Nice	C		
Cape T.	F	17	63	Nicosia			
Chicg.†	C	20	68	Oporto	F	25	77
Cologne	F	23	73	Oslo	S	23	73
Cpnhgn.	F	19	66	Paris	C	22	72
Corfu	S	33	91	Perth			
Denver†	C	18	64	Prague	S	27	81
Dublin	C	15	59	Rykjvk.			
Dbrvnk.	F	28	82	Rhodes	S	33	91
Edinbgh.	C	14	57	Rio J'o†			
Faro	S	23	73	Rome	S	30	86
Florence	S	28	82	Salzbg.	C	27	81
Frankft.	S	23	73	S'cisco†			
Funchal	S	23	73	Singapr.	C	29	84
Geneva	S	27	81	St'gapt			
Gibrltr.	C	15	59	Stckhm.	R	14	57
Gl'sg'w	C	15	59	Strasbg.	S	24	75
G'nsey	C	16	61	Sydney	S	19	66
Helsinki	C	18	64	Tangier	S	30	86
H. Kong	C	32	90	Tel Aviv	S	30	86
Innsbrk.	S	27	81	Tenerife	S	25	77
Invrnss.	C	15	59	Tokyo	C	28	82
Is. Man	C	15	59	Toronto†			
Istanbul	S	27	81	Tunis	S	33	91
Jersey	S	19	66	Valencia	F	29	84
Jo'burg	S	21	70	Venice	S	30	86
L. Pims.	C	22	72	Vienna	S	27	81
Lisbon	S	22	72	Warsaw	F	21	70
Locarno	C	25	77	Zurich	S	25	77

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.

† Noon GMT temperatures.

هكذا من الكمال